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ABSTRACT

This teacher's guide is designed for use in presenting a six-unit course in developing financial skills that is part of a life skills series intended to help students become more self-sufficient in their personal and professional lives. The course's six instructional units cover these topics: earning, managing, and spending money; protecting consumers; using financial services; and securing credit. Each unit contains some or all of the following: performance objectives, suggested activities for instructors, handouts, information sheets, supplements, transparency masters, instructional supplements providing suggestions for teaching basic skills and problem solving, job sheets, written tests, and assignment sheet and test answers. Academic skills training is combined with life skills training throughout the instructional materials, and a system of icons has been used to help instructors identify activities into which training in the following basic skill areas has been infused: reading, science, creative thinking/problem solving, writing, oral communication, employability, math, interpersonal skills, and social studies. (MN)

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Development of Financial Skills

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Development of Financial Skills

TABLE OF CONTENTS

Unit 1	Earning Money
Unit 2	Managing Money
Unit 3	Spending Money
Unit 4	Protecting the Consumer
Unit 5	Using Financial Services
Unit 6	Securing Credit

FOREWORD

The Life Skills series was previously published as Successful Living Skills. The series has been substantially revised and modernized. Life Skills was written to help people become more self-sufficient in their personal and professional lives. The series contains ten modules, covering a range of subjects from *Development of Financial Skills* to *Successful Study Habits*. Each module takes students through the important areas within the subject matter to develop a basic working knowledge.

Roy Peters, Jr.
State Director
Oklahoma Department of Vocational and Technical Education

ACKNOWLEDGEMENTS

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Special thanks to Sue Hoevelman, Ed.D. and Judith Armstrong for their insight, writing and editing. Thanks also to Dia Burroughs for her editing efforts.

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Connie S. Romans
Technical Communication Specialist
Curriculum and Instructional Materials Center
Oklahoma Department of Vocational and Technical Education

OTHER MODULES IN THE SUCCESSFUL LIVING SKILLS SERIES

Managing Personal Matters

Effective Employment Practices

Successful Study Habits

Effective Communication

Basic Automotive Responsibilities

Responsible Citizenship Practices

Successful Clothing Management

Effective Social Skills

Successful Human Relations

USE OF THIS PUBLICATION

INSTRUCTIONAL UNIT

Development of Financial Skills contains six units. Each instructional unit includes some or all of the basic components of a unit of instruction: performance objectives, Suggested Activities for the instructor, Handouts, Information Sheets, Supplements, Transparency Masters, Job Sheets, Written Tests, and answers to Assignment Sheets and Written Tests, all of which are included in the instructor's edition. The student workbook includes the Objective Sheets, Information Sheets, Supplements, Transparency Masters, Assignment Sheets, and Job Sheets. Written Tests may be duplicated for classroom use or *additional copies* may be purchased by calling 1-800-654-4502 or, in Oklahoma, 1-800-522-5810, ext. 589.

All of the unit components tie into measurable and observable learning outcomes. Instructors are encouraged to supplement these components with other resources in order to make them as responsive to local conditions and individual needs as possible.

Most units of instruction are designed for use in more than one lesson or class period of instruction. Careful study of each unit of instruction by the instructor will help him or her determine the following:

- Amount of material that can be covered in each class period.
- Skills that must be demonstrated.
 - Supplies and equipment needed
 - Amount of class time needed for demonstrations
 - Amount of time needed for student practice
- Supplementary materials, including print and non-print media, that must be ordered.
- Resource people who must be contacted.

Objective Sheet

Each unit of instruction is based on the performance needed for successful employment in an occupational area. Performance objectives are stated in two forms. The unit objectives states the overall goal of the unit. It tells what the student should be able to do and what standard will be used to see whether the student can do it. Specific objectives outline the teaching sequence of the competencies required to meet the unit objective.

The objectives should be provided for students and stressed throughout the teaching/learning process. This will help answer any questions concerning performance requirements for each instructional unit. The objectives can also help determine teaching strategies and instructional methods. Instructors should prepare for each unit by deciding how each objective could be best taught.

Instructors should feel free to modify, delete, or add objectives in order to meet the needs of the students and the community. When objectives are added, the instructor should remember to supply the needed Information, Assignment, and/or Job Sheets, and criterion-referenced test items.

Suggested Activities — Instructor's Edition only

The Suggested Activities section assists the instructor during the preparation stage of the teaching/learning process by providing suggestions for delivery, application, and evaluation during the instructional process. The instructor should read the Suggested Activities prior to introducing the unit to allow time to obtain supplemental materials, prepare audiovisual materials, and contact outside resources. Duties of the instructor will vary according to the particular unit.

References used in the development of each unit are listed in the "Suggested Resources" section, along with print and non-print media that may be used to teach the unit. These materials can be used by the instructor to supplement his or her knowledge of the subject area or to help students with particular interests or occupational objectives in the area covered.

Handouts — Instructor's Edition only

Handouts are supplemental material that is not testable or graded and is nice-to-know. Handouts provide the instructor with additional activities, fact sheets, art, controversial items, and extra practice sheets. They may also include items for the gifted or remedial student. Handouts are used at the discretion of the instructor.

Information Sheets

The Information Sheets provide "must know" content essential for meeting the cognitive objectives stated at the beginning of each unit. It serves as an excellent guide for presenting background knowledge necessary to develop the skills specified in the unit objective.

Students should read each Information Sheet before it is discussed in class. Space is provided in the margins for students and instructors to add notes that clarify and/or expand on the information provided.

The Information Sheets may include notes, cautions, or warnings. These should be discussed carefully and thoroughly. **NOTES:** are short verbal additions to the Information Sheet that provide nice-to-know and decision-making information. A note may tell the student what to watch for or to consider at a given step. It may explain when a step may not be applicable. Notes offer guidance that may help the student understand the process and do it more efficiently. **Cautions** are advisories that tell the student how to avoid causing minor personal injury or equipment damage. **Warnings** are advisories to the student used to avoid serious personal injury or death to the student, persons in the workplace, or users of the project or the procedure.

Supplements

Supplements include instructions that could be used for solving problems or reinforcing the enrichment of learning. The information presented in a Supplement may consist of tables, charts, written information, forms, or other information students will need in order to complete one or more of the assignment or Job Sheets. While Supplements are not tested over directly, they may be used to assist in meeting the performance objectives.

Transparency Masters — Instructor's Edition only

Transparency Masters provide information in a special way. The students may see as well as hear the materials being presented, thus reinforcing the learning process. Transparencies may present new information, or they may reinforce information presented in the Information or Assignment Sheets.

Transparencies should be made and placed in the notebook where they will be immediately available for use. Transparencies direct the students' attention to the topic of discussion. They should be left on the screen only when topics shown are under discussion.

Assignment Sheets

Assignment Sheets provide students with information and exercises that address learning levels at or above the application level of Bloom's taxonomy. Assignment Sheets provide written exercises for instruction and practice of a specific objective. The introduction to the Assignment Sheet explains how the Assignment Sheet relates to the subject area and unit component for such information.

Job Sheets

Job Sheets are another important segment of a unit of instruction. The Job Sheets provide a list of equipment, tools, and materials needed to complete a manipulative or psychomotor skill. They describe a step-by-step procedure to complete each task or job. Diagrams, photographs, and illustrations are provided to assist students in achieving the skill.

The instructor should demonstrate the procedure outlined in each Job Sheet. Furthermore, the instructor needs to localize the procedure according to the equipment and supplies available in the local lab or salon situation. Job Sheets also furnish potential employers with a picture of the skills being taught and the performances they might reasonably expect from a person who has had this vocational instruction.

Written Tests — Instructor's Edition only

This component provides criterion-referenced evaluation of every objective listed in the unit of instruction. If objectives have been added, deleted, or modified, appropriate changes should be made on the test.

In order to measure and document student competency gains as required by the latest Carl Perkins regulations and as outlined in the Oklahoma-developed system of standards and measures, it is *absolutely essential* that the same test be used as a pretest and as a posttest. If you choose to use tests other than the ones included herein, be sure that the same instrument is used for each activity—pretest and posttest.

A detailed explanation of the Oklahoma plan for standards and measures and the Carl Perkins requirements is included in the CIMC publication, *Measuring Learning & Competency Gain: The Pretest/Posttest Approach*. This booklet and accompanying software designed to assist in calculating and recording student gains are available to all vocational teachers through the school's vocational testing liaison.

Answers – Instructor's Edition only

This component is designed to assist the instructor in evaluating student performance on Assignment Sheets and Written Tests.

PAGE NUMBERING

Each unit will be recognized by the unit number in Arabic numerals. Each unit in the publication begins with page 1. Each page number gives the component name, book title, unit number, and page number within the unit. Since CIMC publications are loose-leaf, this system of page numbering was recently adopted so that pages from different manuals would not get mixed up. The page number for the Objective Sheet in **Securing Credit**, which is Unit 6, would look like this:

OBJECTIVE SHEET - Development of Financial Skills
CIMC - 6 - 1

METHODS OF DISSEMINATING MATERIAL

For best results, provide student materials for each student. Student workbooks contain Objective Sheets, Information Sheets, Supplements, Transparency Masters, Assignment Sheets, and Job Sheets. Tests are packaged separately for students, and can be stored until needed. Students should be allowed to take their materials home at the end of the course.

TEACHING METHODS

Keeping students motivated is a challenge. Supplement the objectives by providing the "why," personal experiences, and current information. If you are going to teach the material in a group setting, prepare for the unit by deciding the best way to teach each objective and allow for student input.

If you are going to follow the plan for individualized instruction, provide opportunities that will allow each student to become involved in planning for and being responsible for his or her own education.

BASIC SKILLS IN CURRICULUM

The CIMC has always been mindful of the importance of reinforcement (and sometimes remediation) of students' academic skills as they progress through vocational training, and has always included activities in its materials to enhance and promote use of these skills.

Recent state and federal legislation mandates vigorous basic skills development in vocational education in the wake of demands by industry that workers *must* be academically, as well as technically, competent, given the nature of the highly complex workplace. In response, the CIMC has taken the following steps to document that, indeed, the instructional materials *do* combine academic skills training with the vocational training. In addition, concerted efforts have been made to "beef up" or enhance the basic skills instruction already present. Following is a brief description of those processes.

Basic Skills Icons and Enablers

To assist teachers and students in identifying activities that promote basic skills development, the CIMC has implemented a marking system that uses simple graphic symbols, or icons, and a list of specific tasks, or enablers, to identify the basic skill or skills called for in each Job or Assignment Sheet.

Each of the nine broad skills areas—reading, writing, mathematics, science, oral communication, interpersonal or relating, creative thinking and problem solving, employability, and social studies—is represented by an icon presented below.



Reading



Science



Creative Thinking/
Problem Solving



Writing



Oral Communication



Employability



Math



Interpersonal or Relating



Social Studies

When an activity involving one of these basic skills is identified, the corresponding icon is placed in the left-hand margin of the Job or Assignment Sheet. The basic skills training is further defined by retrieving the specific, or enabling, skill that is required by consulting a list of over two hundred and fifty enablers that has been compiled and grouped with each general basic skill. This enabling skill is placed directly below the icon.

As an example, an exercise that requires a student to conduct library research would make necessary the use of specific reading comprehension and research and reference skills. The basic skills that the exercise promotes would be depicted in the left-hand margin as follows:

ASSIGNMENT SHEET	PLANNING LIVING SPACE FOR HUMAN NEEDS	1
OBJECTIVE 10 INSTRUCTIONS  <u>Reading Comprehension</u> • Gain factual information <u>Functional Reading</u> • Follow written instructions • Use content area vocabulary  <u>Language</u> • Use standard grammar, spelling, and capitalization • State ideas clearly	Name _____ Score _____ Define personal territory. • As discussed in objective 1, each person has an invisible "space bubble" or comfort zone. A comfort zone is the space between oneself and others that brings a feeling of well-being. When one's comfort zone is crowded or invaded, discomfort often results. Therefore, personal territory needs should be a prime consideration when planning living space. • For each of the following situations, draw your estimated comfort zone around the figures provided. • Indicate how many inches from your body the comfort zone extends. • Consider how that comfort zone changes in different situations. Answer the questions that follow.	

Instructional Supplement

The supplement is a tool for the instructor to use in helping students apply the basic skills in Assignment Sheets and Job Sheets. Some supplements are appropriate for use with all students; some are for use only with those students who do not understand the academic skills called for in the exercise.

MEASURING STUDENT PERFORMANCE GAINS

When you examine this book, you will notice that separate written pretests are no longer included in the units of instruction. Each CIMC unit now contains only a single Written Test. This test should be used as **both** pretest and posttest by giving it once before students start a unit and again when they have completed the unit.

The reason for using a single instrument as both pretest and posttest is so that direct comparison of each student's competencies before and after instruction can be made accurately. This comparison enables precise calculation, documentation, and evaluation of student **performance gains**.

Accurate performance gains analysis is an important requirement of the new Carl Perkins legislation for vocational education. Teachers can make an important contribution to the performance accountability mandated by the new federal legislation by carrying out accurate performance gains analysis for their students and making this data available to students, parents, and administrators.

This analysis is easy to do and requires only simple calculations and record keeping. Detailed information regarding performance gains analysis is contained in the CIMC publication, *Measuring Learning & Competency Gains: The Pretest/Posttest Approach*. In addition, the CIMC has developed a computer program, CARL, which will perform all necessary calculations and will print out a record form of all information required for gain score analysis. Copies of CARL and the publication are available through your local testing liaison (in Oklahoma) or from the CIMC at 1-800-654-4502.

REQUIRED CRITERIA FOR A COMPETENCY-BASED EDUCATION PROGRAM

Criterion	Discussion	CIMC component meeting criterion
1. Instruction is based on clearly-stated learning objectives that are: a) observable and measurable, and b) communicated in writing to students before instruction begins.	Learning objectives drive CBE. Objectives are the "competencies" that learners must achieve. Each objective must clearly state what learners must do to demonstrate acquired skill or knowledge. Verbs in learning objectives are active and precise, stating the exact performance expected of learners. The objectives should also specify the standard or level of performance required. Objectives can be at any level of Bloom's Taxonomy and can include the cognitive, psychomotor, and affective domains. Higher-order cognitive skills should be included.	Objective Sheet
2. Instruction is aligned with the stated learning objectives	In CBE, the objectives specify what is taught. "Content" should relate to one or more objectives. The curriculum should cover all objectives with relevant information.	Information Sheet
3. There is a student evaluation system that is: a) criterion-referenced, and b) aligned to the learning objectives and the curriculum.	In CBE, the aim is to bring the performance of <i>all</i> learners up to a pre-defined standards and competencies. Learners work on each competency until they achieve "mastery"; the evaluation system should test and record this mastery. Learners can restudy and retest as often as needed. Specific remediation activities should also be available to learners when needed. The evaluation system focuses on what each student has achieved, not on what the instructor has "taught." The "constant" in CBE is student performance; the "variables" are time and resources. (This differs from traditional systems where learners get one chance at mastery; some succeed and some fail. In such systems, time and resources are constant and student achievement is variable.) If an evaluation is criterion-referenced, successful learner performance is defined by (or <i>referenced</i> to) mastery of pre-set objectives and standards (or <i>criteria</i>): there must be a careful match (or <i>alignment</i>) between what the student should master (objectives), what is taught (curriculum), and what is tested. Objectives, curriculum, and evaluation system must all match.	Written Test and Job Sheet/Skill Test

Criterion	Discussion	CIMC component meeting criterion
4. There is an observable management system of cognitive skill practice that provides for, promotes, and documents mastery learning.	For both cognitive and psychomotor skills, a CBE program must have a system of maintaining records of which skills and activities each learner has completed, which ones are in progress, and which ones have not yet been completed. Completion means "mastery"; no skill is completed until the learner has achieved the mastery level. The record system should promote feedback on student skill attainment to <i>both</i> instructor and learners, provide for remediation as needed, and encourage reevaluation of learner performance until mastery is achieved. Appropriate remediation strategies often should consider learning styles and other individual differences among learners.	Assignment Sheet
5. There is an observable management system of psychomotor skill practice that provides for, promotes, and documents mastery learning.	Learners should work on skills and activities until they achieve mastery. They should not be "passed on" without mastery. While learners may move ahead and work on other skills (i.e. those for which all prerequisite skills have been mastered or those without prerequisites), work should also continue on the skills still requiring mastery. Students should not attempt higher-order skills until all prerequisite skills are mastered.	Job Sheet/Skill Test
6. Skill mastery records are maintained for each learner, and learners have access to and make use of these records to monitor their skill acquisition.	Records should clearly indicate the skills each learner has mastered. One such record should profile or list the competencies that have been mastered and those to be mastered. Other performance indicators can be added and kept in a portfolio for each learner. Learners should have ready access to their portfolios to monitor their own progress in skill mastery and competency attainment.	Competency Profile

CORRECTIONS AND SUGGESTIONS

The Curriculum and Instructional Materials Center (CIMC) wants to provide vocational instructors and students with accurate and effective materials. Although the CIMC strives to maintain the highest standards of development and production, oversights sometimes do occur. If you find any errors in this or other CIMC publications, or have suggestions for improving their usefulness in vocational programs, please notify the CIMC staff. To do this, please identify the page(s) affected and write any comments to clarify the error or suggestion. Use the spaces below. Then, simply fold (bottom of page *upward*, top *downward*), secure, and mail.

This information will be used to correct the publication before the materials are reprinted. To ensure that the material is updated on a timely basis, notify the CIMC of necessary corrections as soon as possible after discovering the error.

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Development of Financial Skills

Instructional Supplement



Reading



Science



Creative Thinking/
Problem Solving



Writing



Oral
Communication



Employability



Math



Interpersonal
or Relating



Social Studies



Reading Comprehension

- If students have difficulty gaining factual information:
 - Remind students that they probably read for many reasons. One of these reasons is to learn new information. The reason you have for reading helps determine the way you read.
 - Have students discuss the different techniques they use when reading. Lead the discussion so that students realize that, when they read for fun, they may read quickly; they may skim some parts and read others more carefully. Reading for facts requires more care.
 - Suggest that one technique found to be successful includes the following steps:
 - ▶ Identify in advance what it is you want to learn. Be certain that before starting to read, you have a clear understanding of what you want to accomplish. It sometimes helps to list the questions to be answered.
 - ▶ If the material to be read includes a table of contents, study it to get an understanding of how the material is organized.
 - ▶ Scan through the material noting headings, highlighted information, illustrations, etc.
 - ▶ Read the material carefully. Take notes or highlight as you read, listing or marking the information you want to learn. Note key words and ideas.
 - ▶ Study your notes/highlighted material. Ask yourself if you found all you wanted to learn. If not, read the material again or locate another source for the information.
 - Tell students that they should find a personal technique for reading to learn factual information.
- If students have difficulty distinguishing fact, opinion and inference:
 - Discuss the difference between fact, opinion and inference. The discussion should include the definitions of fact, opinion and inference. Emphasize that facts are *objective*.
 - Create or provide samples of sentences that illustrate fact, opinion and inference. One source would be the newspaper; hard news stories illustrate facts, editorials illustrate opinion and inference. For each sample, ask students whether the sample is fact, opinion, or inference. Ask students "Would each person who researched or observed the event or question come up with the same answer?" Continue until you are sure that students understand the difference between fact, opinion and inference.

- If students have difficulty recognizing propaganda:
 - Ask the students if they should believe everything they see, hear, or read.
 - Remind them that items found in various media often aren't factual or objectively reported. Many times the information is presented in a way that makes unsuspecting readers/listeners believe a certain way instead of forming their own opinions.
 - Remind the students that sometimes the intent to persuade is obvious, such as in commercials, but that other times it is hidden and subtle.
 - Have the students discuss some examples of propaganda, bias or persuasive media. Ask them to explain how the writer attempted to sway opinions. If the students can't think of any, have commercials or political ads ready to present.
 - Remind the students that being aware of the techniques used to influence thinking and behavior will help prevent them from being unthinking victims of propaganda.
- If students have difficulty analyzing cause and effect:
 - Remind students that in today's society, we often want to know why something happened. Often, if we examine what is to be done, we will be able to determine in advance the effect or result of the action. This can help us repeat successes and avoid mistakes.
 - Provide opportunities for students to practice recognizing cause-and-effect relationships by using examples and questions like the following:
 - ▶ Melissa practiced many hours and won the contest. Why did Melissa win the contest? (She practiced many hours.) What was the result of practicing? (She won the contest.)
 - ▶ Phillip followed the directions carefully, so the model worked perfectly. What happened because Phillip followed the directions carefully? (The model worked perfectly.) Why did the model work perfectly? (Phillip followed the directions carefully.)
 - Introduce "cause-and-effect analysis." Define it as a systematic tool for looking at effects and the causes that create or contribute to them. State that cause-and-effect analysis can be used (1) to identify and verify factors which are causing a problem, or (2) to identify factors that must appear in a successful solution to a problem (effect).
 - Use the following steps for presenting cause-and-effect analysis:
 - ▶ Identify the effect to be analyzed. Write it out at one end of a large sheet of paper, or on the chalkboard. (Think of the effect as the head of a fish. Cause-and-effect diagrams are also known as "fishbones," due to their shape, or Ishikawa diagrams, after their inventor.)

- ▶ Draw a horizontal line from the effect and across the paper or chalkboard. (This line becomes the "backbone" of the fish.) From this horizontal line, draw four slanting lines connected to the main line, two above and two below. (These lines are the "major bones" of the fish.)
- ▶ At the end of each slanting line, write the classifications for the main factors that contribute to the effect: People, Procedures, Equipment, and Environment.
- ▶ On each slanting line ("major bone"), ask students to identify the specific factors that may be causing the effect. Write the factors on the appropriate slanting line (People, Procedures, Equipment, or Environment) and parallel to the "backbone." Instruct students to use brainstorming or other method to identify these factors.
- ▶ From the specific factors identified, ask students to identify the most significant factor(s). Then, have students gather more information to verify the factor's causal relationship to the effect.
- After students become comfortable recognizing simple cause-and-effect relationships, have them create their own examples.
- If students have difficulty drawing conclusions:
 - Remind students that when they analyze a situation, perform a job task, or even discuss a television show or movie, they will often be asked to demonstrate understanding by telling what happened and explaining why it happened.
 - Provide opportunities for students to practice drawing conclusions by describing events, such as a group of people crowded around a table that has a decorated cake with lighted candles on it, and asking them to decide what is happening. Have them explain why they reached that conclusion.
 - Provide opportunities for students to practice drawing conclusions. Present students with descriptions of events, or with photographs or drawings, and ask them to describe what is happening. Ask the student(s) to support each response.
 - Remind students that before they can draw conclusions, they must carefully observe what is happening and think about why it is happening. In more complex situations, it is often a good idea to take notes about possible conclusions as you work.
- If the students have difficulty making generalizations:
 - Have the students define the adjective "general," as in "common," or "widespread." If necessary, use the dictionary.

- Work with students in turning the adjective "general" into a verb. Lead them to understanding that when they generalize, they are putting into action the idea that a characteristic is common or widespread.
- Give students examples of generalizations, such as:
 - Most humans have five fingers on each hand.
 - Spanish is the language of most Mexican citizens.

Have each students give an example of a generalization.

- If students have difficulty reacting to written material:
 - Explain to students that, in order to be able to react effectively to written material, the reader should first have an idea of what he or she is looking for in the material.
 - Discuss ways in which written material can prompt a reaction by the reader. (For example, a written warranty or guarantee can stimulate a consumer's letter of redress.) Ask students for other examples.

Research and Reference

- If students have difficulty selecting useful resources:
 - Review the different types of resources available to students. Have volunteers tell what kind of information can be found in each resource type. Have them discuss the types of projects on which each resource can assist.
 - Help students learn how to locate each resource in libraries, resource centers, or media centers.
- If students have difficulty locating resources:
 - Review the different types of resources available to students. Have volunteers tell what kind of information can be found in each resource type. Have them discuss the types of projects on which each resource can assist.
 - Have students volunteer to tell how they would locate the resources discussed. (Be sure they know how to locate each resource in libraries, resource centers, or media centers.) Discuss the use of the library's card catalog or its computerized location system.
- If students have difficulty using in-book reference tools:
 - Identify the in-book reference tools in a specific reference work: table of contents, index, glossary, appendices, tabs, color codes, list of figures, list of tables, list of symbols, maps, "how to use this book" pages, and others.

- Illustrate the proper use of each in-book reference tool. Have students practice using each tool in a task-specific situation.
- If students have difficulty using magazines and newspapers:
 - Explain to students that there are many more types of magazines than those they commonly see in retail store checkout stands. Have them visit a bookstore and see the many types of hobby and special interest magazines available.
 - Tell students that whatever career they choose they will likely have access to magazines and other publications that will keep them abreast of news and new developments in their career field.
 - Explain to students that the local newspaper is their link to their community. Not only does it provide news and feature stories but it also provides advertisements that will help them make good consumer decisions.

Functional Reading

- If students have difficulty following written instructions:
 - Discuss the possible consequences of not following instructions precisely.
 - Review the *importance* of following written instructions. Give appropriate scenarios when written instructions are not followed or are not followed completely and correctly.
 - Discuss the *relationship* between the order of written instructions and the appropriate outcome. Emphasize the need to follow written instructions in their proper order. Use examples where the order of instructions in a sequence is critical to the outcome of the task.
 - Explain to students that one of the keys to following written directions successfully is to read the directions completely before actually beginning to follow them. Doing this ensures that you will not be surprised as you work through the steps. It also gives you an opportunity to ask questions about steps you do not understand.
 - Tell students that, after they have read the directions and understand what to do, they should go back to Step 1 and follow the directions step-by-step (without skipping any steps). Remind students that it is important to follow steps in order, even if they think they already know what to do.
- If students have difficulty using content area vocabulary:
 - Remind students that nearly every occupation or group uses words that have specific, specialized meanings to others in the same occupation or group. Have them name and define some content area, technical, or "slang" words with which they are familiar.

- Explain that using content area or technical words makes it easier for people within groups or occupations to communicate ideas accurately. Remind students that often the same word may have a generic meaning to the majority of people, but a very specific meaning within an industry.
- Review key terms and concepts, so that students hear, see, write, and say them.
- Have students suggest ways to learn the meanings of the vocabulary specific to what they are studying. Provide opportunities for students to practice using the terminology they will need.



Language

- If students have difficulty using standard grammar, spelling, and capitalization:
 - Discuss the importance of using standard grammar and correct spelling, punctuation, and capitalization. Include the fact that it is more difficult to read and understand incorrectly-written materials, and that readers will take correctly-written materials more seriously.
 - List common errors in grammar, spelling, punctuation, and capitalization in materials written by your students. Review this list with the class or with individuals.
 - Help students to develop a checklist to use as they write, edit, and proofread. Each student can personalize his or her own checklist by adding the items that present the most problems to him or her. If spelling is a problem, suggest that the student keep a personal dictionary of frequently used or misspelled words.
 - Have students work with partners or in groups and review each others' writing. Allow time for students to discuss the comments with their partners or groups.
 - Suggest that as students write or proofread their own writing, they circle or mark places where they are unsure of the correct grammar, punctuation, capitalization, or spelling. Provide materials (English grammar/mechanics books or style guides) or class time for students to review, revise, or correct their writing.
- If students have difficulty stating ideas clearly:
 - Remind students to determine in advance the ideas they want to convey and the audience they want to reach. Audience analysis is very important in presenting ideas clearly and appropriately.

- State that audience analysis begins early, such as when students are doing their research. They must describe their intended audience and decide how to best present their ideas to that audience. Options for communicating with the audience include written reports, charts, graphs, diagrams, etc. Explain how the audience influences the way in which the information is presented (such as very simple text with pictures, for children; a great deal of background information, for people who know nothing about or very little about the subject; or, little background but more complex information, for experts).
- Have students work with a partner or in a small group. Provide time for them to share ideas with each other and make suggestions for making ideas clearer.
- Remind students that careful preplanning and the use of correct grammar, spelling, punctuation, and capitalization are especially important if their ideas are to be clearly understood by the intended audience.

Composition

- If students have difficulty using complete sentences:
 - Remind students that complete sentences should be used in all writing assignments requiring paragraphs. Discuss what makes a group of words a sentence. Have students practice recognizing complete sentences using either exercises from any grammar/language arts text or self-prepared sentence activities.
 - Have students volunteer to compose complete sentences using words or topics you suggest. Write the sentences on the board. Have other students analyze the sentences to determine if they are complete. If not, have a volunteer rewrite them as complete sentences.
 - Review the definition of "sentence fragment."
 - Ask students for the three things needed for a complete sentence: subject, verb, and complete thought.
 - Create samples of complete sentences and sentence fragments. For each sample, ask students whether each is a complete or fragmented sentence. Ask whether each sample answers the questions "who or what did something?" and "what happened?" For those samples identified as sentence fragments, ask students for one or more ways of completing the sentences. Continue until you are sure that students are comfortable with this method for determining if a sentence is complete.
 - Stress the importance of using complete sentences in all "sentence or paragraph" style writing.

- If students have difficulty using introductory/closing paragraphs:
 - Review the purposes of the introductory paragraph: to state what the composition is about, and to create interest. Explain that the introductory paragraph may begin with a question, a direct statement about the topic, or general background information. Discuss samples of introductory paragraphs.
 - Compare the terms "topic sentence" and "thesis statement" in terms of their purposes and positions within the introductory paragraph. Point out that topic sentences are broad, general statements, while the thesis statement is a very specific statement of what the composition is about (the main idea). While the topic sentence may appear in different places in a paragraph, the thesis statement is the last sentence in the introductory paragraph.
 - Review the purpose of the closing paragraph: summarizing what has been said in the body of the composition. Explain that in the closing paragraph, the writer may ask a question, take a stand, present an opinion, or rephrase the main idea (thesis statement). Point out that students should never include new ideas in the closing paragraph. Discuss samples of closing paragraphs.
- If students have difficulty proofreading and editing:
 - Remind students that successful writing involves a step-by-step process of planning, composing, revising/editing, and proofreading. Explain that during the editing and proofreading stages, students should revise their first draft so that it says exactly what they want it to say. It is revised for clarity, organization, grammar, spelling, and mechanics. Suggest that, as students read what they have written, they should ask themselves if the reader will know what they are trying to say.
 - Help students develop a checklist to use while revising, editing, and proofreading. Each student can personalize the checklist by adding the items that present the most problems to him or her. If spelling is a problem, suggest keeping a personal dictionary of frequently used or misspelled words. Remind students to add any problem words to their dictionaries.
 - Suggest that as students write or proofread their own writing, they circle or mark places where they are unsure of the correct grammar, punctuation, capitalization, or spelling. Provide materials (English grammar/mechanics books or style guides) or class time for the students to use to review, revise, or correct their writing.
 - Present the standard proofreader's/editor's marks and discuss their use in the workplace. Create exercises for students to practice using these standard marks.

Research

- If students have difficulty taking notes:
 - Remind students of the importance of note-taking to the preparation of the final product. Explain that, because notes are for the student's own use, students should develop their own note-taking style. It will also be easier to prepare the final product if students take notes in their own words (instead of copying directly from the original source).
 - Have students volunteer to discuss some of their own note-taking techniques. Suggest that others may wish to experiment with some of these techniques.

Functional Writing

- If students have difficulty completing forms and records:
 - Remind students to first decide what information is being requested. Examine the structure of the forms used. This saves time by identifying the needed information so that time will not be spent on unwanted information.
 - Tell students to plan responses carefully before putting them in a final form. If the responses call for sentence or paragraph information, it is always a good idea to write the response in rough draft form, then edit, proofread, and rewrite the draft in a final form. Stress the importance of accurate, legible records.
- If students have difficulty writing letters:
 - Review basic purposes of letters: to communicate and to achieve desired results. Give examples of letters with specific purposes.
 - ▶ Discuss the different formats for letters: block, modified block, simplified, etc.
 - ▶ Review the parts of the letter.
 - ▶ Review guidelines for typing/preparing letters.
 - Refer the student to a reference book for greater detail about letters such as *The Gregg Reference Manual* and others.



Operation and Calculation

- If students have difficulty estimating answers:
 - Ask the students if they have ever roughly figured the price of items before they bought them. Explain that when they did this they were estimating. Remind the students that sometimes it is helpful to estimate answers to problems before solving the problem completely.
 - Explain to the students that estimating means rounding off the numbers to even amounts that are easy to work with in your head.
 - Be certain they realize that estimating does not come up with an accurate answer, but with an answer that is close enough to meet the need at the time.
 - Ask students to suggest times when estimating might be helpful. Some suggestions to start the discussion are estimating costs to be sure you have enough money and estimating the time it takes to drive somewhere.
- If students have difficulty calculating with whole numbers:
 - Review basic skills in addition, subtraction, multiplication, and division.
 - Review mathematical terminology. (For example, "compare" indicates that you must subtract.)
 - Suggest the use of a calculator to check answers.
- If students have difficulty calculating with decimals:
 - Show how the decimal system is based on groups of ten.
 - Demonstrate how our money system is a decimal system.
 - Review addition, subtraction, multiplication, and division skills using decimals. Demonstrate sample calculations.

Math Application

- If students have difficulty solving word problems:
 - Discuss the approach to solving word problems. Instruct students to read the information carefully, noting the key elements of the problem.
 - Solve a sample word problem similar to the problems to be solved by students.

- If students have difficulty selecting and applying mathematical formulas:
 - Review basic math formulas and math skills with the class or with individual students as necessary.
 - Remind students that basic math skills are used daily in such ways as counting change and paying for purchases. Remind them that they use basic mathematical formulas, such as addition and subtraction, to figure their wages and to balance their checkbooks.
- If students have difficulty selecting/applying mathematical procedures:
 - Explain to the students that mathematics has certain procedures or operations that perform specific functions and that it is important to apply the correct procedure.
 - Read the following example and ask what would happen if the wrong procedure was used.
 - ▶ A car can travel 400 miles on one tank of gas. The driver has made two trips—one of 175 miles, one of 115 miles. How many more miles can the driver travel before running out of gas? (Adding 175 and 115 means the driver has already driven 295 miles and has another 105 miles to go. If instead of adding 175 and 115, the driver subtracted the 115 from the 175, the car could run out of gas because the driver would think the car had 340 miles to go.)
 - Discuss with the students ways to know which procedures to use. Use examples similar to those the students need to solve.
- If students have difficulty solving time/rate/distance problems:
 - Have the students define each of the words in a mathematical sense.
 - Practice working with time/rate by solving simple interest problems. More advanced students may work with more complicated interest problems such as using the United States rule to credit partial payments on loans.
 - Practice using time/rate/distance by solving word problems such as the time it takes an airplane to cover the distance required to reach take-off speed, or the distance that will be covered in a certain amount of time at a stated rate of speed.

Functional Math

- If students have difficulty solving practical problems:
 - Review the problem-solving procedure associated with the problems they have been assigned.
 - Walk them through a practice problem.

- Explain the importance of solving problems correctly and the consequences for solving the problems incorrectly.
 - Explain how the students' assignments fit into "the big picture" of the assignment and/or of the objectives of the unit.
- If students have difficulty solving income/expense problems:
 - Define the terms **income** and **expenses**. Compare these terms to **debit** and **credit**. For example, a paycheck deposited into a personal checking account is a debit (income); a check written to pay for something is a credit (expense).
 - Create a variety of word problems/scenarios where the student earns a specific wage per hour and works a specific number of hours per week or month. Require the student to calculate the income for the period (without accounting for taxes). then, provide a list of typical expenses, such as rent, car payment, food, utilities, etc. Have the student deduct the expenses from the income calculated. Remind the student that you **add** income and **subtract** expenses.
- If students have difficulty preparing a budget:
 - Compare the concepts of fixed expenses and variable or flexible expenses. Give examples of each.
 - Show common formats for preparing budgets.
 - Review the components of the budget.
 - Discuss any rules that apply to the calculation of specific budget components (such as setting aside one-third of net monthly income for housing expenses, etc.).
 - Review the basic skills in mathematics that apply to budget preparation.
- If students have difficulty calculating interest:
 - Lead students to the definition of interest as the money that pays for the use of the lender's money. Discuss the reasons why people choose to pay interest, rather than waiting until they have enough money to purchase the item without borrowing.
 - Lead students to see that interest is always stated in percentages. Review percentage calculation with whole numbers, then with dollar amounts. Have students come to the board and calculate percentages.
- If students have difficulty solving interest problems:
 - Review the instructional supplement for "calculating interest."

- Review ordinary interest, the United States rule and the Bankers rule. Give pairs of students a word problem. When they have solved it, have them demonstrate it to the class.
- If students have difficulty using a calculator for computation:
 - Demonstrate on a typical calculator the features to be used for computation.
 - Have students practice with their own calculators. Refer students to the operating instructions for their calculators for specific information.



Oral Presentation

- If students have difficulty selecting/using words effectively:
 - Remind students that using a variety of words and using specific words makes a speech more interesting and meaningful.
 - Remind students that words can have different meanings to different people, so they should choose their words carefully.
 - Ask students to close their eyes and visualize as you say certain words. Ask them what each word makes them see or think. Choose a variety of words that will bring vivid images to mind. Tell them that this demonstrates the power of the word.
 - Remind students of the power of the word and the effect word selection can have on the overall effect of their speech. Have them explain how these different word choices changed the meaning of the sentence. Use sentences such as the audience at the concert *cheered* wildly. Or, the audience at the concert *jeered* wildly.
 - Tell students that portions of some speeches are quoted long after the initial speech. Ask them to give examples of some famous quotes they remember.
 - Remind students that choosing the correct words for their speeches can enhance their presentation.
 - Remind students that a thesaurus is a helpful tool for selecting words.
- If students have difficulty integrating audio and/or visual materials in oral presentations:
 - Explain that audiovisual materials should support and reinforce the organization and content of an oral report.

- Give examples of audiovisual materials and instances in which each could be used effectively.
- Review some basic guidelines for using audiovisual materials:
 - ▶ Use the appropriate materials for the purpose.
 - ▶ Be familiar with each item used.
 - ▶ Use audiovisual materials to support and reinforce the organization and content of the report.
 - ▶ Avoid using too many audiovisual materials.
 - ▶ Fit the materials naturally into the presentation.
 - ▶ Prepare high-quality audiovisual materials.

Listening

- If students have difficulty applying active listening skills:
 - Remind students that they spend much of their time listening to what other people are saying. Ask them if they have ever tried, unsuccessfully, to remember what someone said. Explain that this happens to almost everyone. Ask why they think this happens.
 - Discuss the importance of listening carefully and attentively to conversations, discussions, and interviews. Explain that students should always have a purpose for listening and should always keep that purpose in mind while listening. Suggest that they take notes or record interviews or discussions that they need or want to remember or use later.
 - Encourage students to become familiar with the subject matter before communication begins.
 - Have students practice listening to and repeating information.
 - Present some helpful guidelines for effective listening, such as being ready to listen, focusing on the speaker, and maintaining eye contact with the speaker.
- If students have difficulty analyzing/identifying point of view:
 - Explain that writers and speakers, unless they present only facts, present a specific point of view. It is important to identify their viewpoint so you can evaluate what is presented yourself. For example, if you are aware that a speaker is actively supporting one side of an issue, you will want to evaluate what has been presented to ensure that what was presented was true and not overly biased.

- Provide examples for the students. Ask them to identify the viewpoint of the writer or speaker.



General Relating

- If students have difficulty identifying personal values/attitudes:
 - Define personal values and attitudes. Give examples of how everyone has beliefs, values, and attitudes that are formed as they grow up, and how these often change as the person encounters new experiences, new friends, new jobs, etc.
 - Discuss why it is important for each person to identify personal values and attitudes. Remind students that everyone's personal beliefs should be respected. Have volunteers share some of their personal values or attitudes.
 - Lead discussions on topics to help students think about their beliefs. Do not force students to share personal beliefs. Encourage all students to think about what they believe.

Teamwork/Cooperative

- If students have difficulty identifying values/attitudes:
 - Define values and attitudes. Give examples of how everyone has beliefs, values, and attitudes that are formed as they grow up, and how these often change as the person encounters new experiences, new friends, new jobs, etc.
 - Define core values for an *organization*: core values are fundamental ethical, moral, and professional business beliefs. These beliefs should guide business decisions. Explain that core values also form the basis for a firm's desired personnel and corporate *stakeholder* relationships. (Identify "stakeholders" as persons, groups, or organizations having an interest in your organization and its mission. Ask students for examples, such as boards of directors, advisory councils, owners, stockholders, employees, customers, suppliers, regulatory agencies, communities, unions, and taxpayers.)
 - Discuss why it is important for each person to identify personal values and attitudes. Remind students that everyone's personal beliefs should be respected. Have volunteers share some of their personal values or attitudes.
 - Lead discussions on topics to help students think about their beliefs. Do not force students to share personal beliefs. Encourage all students to think about what they believe.

- If students have difficulty investigating and identifying personal styles:
 - Explain to the students that people have their own styles that influence the way they live and the choices they make. Ask students to volunteer information about their personal styles, but do not force anyone to participate.
 - Discuss with the students that it is helpful to understand your personal styles so that you make decisions that fit these styles rather than clash with them. Explain that there are numerous tests available to help identify personal styles.
 - If possible share some of the tests with the students.
- If students have difficulty giving/receiving feedback:
 - Explain to students that feedback is simply information and the person receiving it can use the information to improve.
 - Remind students that to improve they need to be aware of their strong and weak points, and they can get this information through feedback.
 - Remind students to give positive feedback to each other. Constructive criticism must be given for feedback to be beneficial. Negative or hurtful comments will not help anyone improve.
 - Explain to students that they will need to be able to receive as well as give feedback. It is not always easy to hear what you are doing wrong, but this information can help improve your skills.
 - Remind students that the feedback they give others may apply to them as well. If they listen carefully to others, they may pick up hints and ideas that they can use as well.
 - Give students examples of constructive, positive feedback. For example, if a student uses no gestures while giving a speech, you might say "You might like to use your hands to help emphasize important points" rather than saying "Your speech was rather dull. Why didn't you use some gestures to spice it up?" Tell them that it is good to comment on something done well to balance the areas where improvement is needed. This helps people feel better about themselves.
- If students have difficulty generating ideas:
 - Remind students not to automatically rule out ideas that are generated. All ideas have some merit and many "wild" ideas may not be as strange as they first seem. They may also cause someone to come up with other ideas that they might not have thought of otherwise.
 - Explain that during the generation of ideas, you should not try to evaluate the ideas. This step should take place later. As many ideas as possible should be generated before evaluation takes place.

- Encourage brainstorming activities where students can throw out ideas as fast as they can think of them.
- If some students are too shy to shout out answers in a brainstorming activity, allow them to write their ideas on slips of paper instead.
- Tell students to get as creative as possible when generating ideas. You never know what may come up when there are few limitations or restrictions placed on the people generating ideas.



Cognitive Activities

- If students have difficulty collecting/recording information:
 - Suggest that they first decide how and where the information will be collected and recorded. It is also very helpful to identify how the information will be used. Explain that it is always best to come prepared with pencil or pen and a preplanned sheet for recording the specific information to be collected. This preparation allows you to devote careful attention to your work.
 - Research and outline for students the steps in using any of the following "tools" for collecting/recording information: brainstorming, brainwriting, checksheets, interviewing, and surveying.
- If students have difficulty identifying critical elements/issues:
 - Instruct students to read or examine their sources carefully, noting key words and ideas.
 - Suggest they list the questions they hope to answer.
- If students have difficulty defining a problem:
 - Suggest they examine their sources carefully to determine the problem.
 - Instruct students to use intuitive thinking techniques (brainstorming) to define a problem. Identify the four basic rules for brainstorming:
 - ▶ Encourage wild ideas.
 - ▶ Do not evaluate ideas.
 - ▶ Hitchhike — build on the ideas of others.
 - ▶ Strive for quantity.

- If students have difficulty drawing conclusions:
 - Remind students that when they conduct an experiment, perform a job task, or discuss a subject, they will often be asked to draw conclusions. Give examples of such situations.
 - Explain that, before conclusions can be drawn, students must first observe carefully what is happening and why it may be happening. Suggest that, with complex experiments, a good set of notes taken while conducting the experiment can help in drawing conclusions.
 - Have students practice drawing conclusions. When possible, choose situations appropriate for the occupation or subject (such as an actual experiment, etc.). Or, use a general situation using photographs or a videotape without the volume. Ask students to state what is happening in each picture (their conclusion). Have students support their conclusions.
- If students have difficulty identifying/developing alternatives:
 - Look at the original item/solution requiring an alternative. Identify for students the criteria in the original that must also be met by any alternative.
 - Discuss the variables that could be changed to create an alternative.
 - To identify/develop alternatives, discuss the characteristics of an alternative. Ask which factors in the problem or situation create the opportunity for more than one possible choice. Have students brainstorm alternatives to a sample problem or situation that you create.
- If students have difficulty evaluating an alternative:
 - To evaluate alternatives, suggest that students begin by listing the criteria which must be met by any alternative. Then, they can judge potential alternatives in terms of the criteria.
- If students have difficulty creating a finished product:
 - Have them to go back to the beginning and reidentify what it was they wanted to accomplish. Have them ask themselves how they intended to accomplish this and why it has been difficult to accomplish. Have them decide if their original idea is "do-able" or if they should decide on a new final product that they will be able to complete.
 - Be sure that the students realize that one of the most important aspects of creating a finished product is the planning of the desired finished product.

- If students have difficulty transferring knowledge/training to new situations:
 - Remind the students that everything they do makes use of information that they already know. Tell them that this process of using known information often happens subconsciously. When you identify an animal as a dog, you use already known information—you know what dogs look and act like so you can recognize a dog.
 - Tell the students that when they encounter a situation or a question they aren't familiar with, they should examine it carefully to identify what they already know that will help them solve the problem or answer the question. For practice, use examples such as the following:
 - A baby you are caring for starts crying. You don't know why, but you do want to make her stop. How do you know what to try? Begin by thinking carefully about what you know about why babies cry. (hungry, diaper needs changing, wants attention, sick) Identifying what you already know gives you ideas to try that might make the baby stop crying.
 - Remind the students that when trying to solve a problem or answer a question, they should always identify what they know by thinking about similar situations, problems, or questions they have faced. This will help them with find the answer.
- If students have difficulty developing an action plan:
 - Define an "action plan." An action plan assigns specific tasks to individuals or groups and states the date on which these tasks must be completed.
 - State the purposes of action plans. Encourage students to write these points down for reference:
 - They set up logical steps for accomplishing objectives.
 - They show achievement milestones.
 - They assign ownership to individuals and empower them.
 - They provide a basis for cooperation and recognition.
 - They describe how resources will be distributed.
 - Research and outline for students the steps in using any of the following "tools" for planning actions: flowcharts, PERT charts, and Gantt charts.

**OBJECTIVE
SHEET****EARNING MONEY****1****INTRODUCTION**

The energy that money represents is part of every culture. How people acquire, save, and spend money depends upon the resources they have available, their training, education, and lifestyles. Knowing some of the basic terms related to money and your role in our economy will help you understand the world of finances.

**UNIT
OBJECTIVE**

After completing this unit, the student will show the following competencies by scoring at least 85% on the Written Test.

**SPECIFIC
OBJECTIVES**

1. Match terms associated with earning money to their correct definitions.
2. Match types of people with ways they acquire money.
3. State ways an individual participates in the economy.

SUGGESTED ACTIVITIES

EARNING MONEY

1

PREPARATION

- Review the unit and plan your presentation.
- Determine the scope and sequence of objectives you add. Design and develop support materials, including evaluation techniques for additional objectives.
- Review the teaching suggestions, and plan classroom activities.
- Determine how you will schedule time for students to demonstrate competence in the required procedures.
- Order materials to supplement the unit.
- Order videos.
- Invite guest speakers.

NOTE: Please provide the guest speaker with the specific topic relevant to the unit of instruction ahead of time. You may want to supply the Objective Sheet, Information Sheet, and any other components you want the speaker to cover. Confirm the scheduled appearance two to three days prior to the presentation.

DELIVERY

Objective 1: Match terms associated with earning money to their correct definitions.

- Use the Handout, "A Brief History of Money," to present an overview of the origins and development of money.
- Have the students discuss what money represents to them. Possibilities include power, security, and pleasure. How important is money?
- Have the students complete the Supplement, "Assess Personal Reasons for Spending;" use their answers as the basis for a class discussion.
- Use Information Sheet, objective 1 to introduce the terms and definitions associated with earning money.

EVALUATION

Objective 2: Match types of people with ways they acquire money.

- Use Information Sheet, objective 2 to present the different ways that people acquire money.
- Discuss the advantages and disadvantages of each way of acquiring money.

Objective 3: State ways an individual participates in the economy.

- Use Information Sheet, objective 3 to present ways the individual participates in the economy.
- Use the Transparency to help focus the students' attention as you present the list.

Pretest

- Give the Written Test as a pretest.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in the unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the Written Test actions listed in the specific objectives.
- Give the Written Test.

NOTE: The Written Test may be given in sections if desired.

- Reteach and retest if necessary.
- Review individual and group performance in order to evaluate teaching methods. Adjust the scope, sequence, or instructional approaches for additional lessons as required.

SUGGESTED RESOURCES

Print Media

- Campbell, Sally R. *The Confident Consumer*. South Holland, IL: Goodheart-Willcox Company, Inc., 1990.
- Green, D. Hayden. *Consumer in the Economy*. Dallas: South-Western Publishing Company, 1994.
- Kimbrell, Grady, and Susan T. Kern *The Savvy Consumer*. Blacklick, OH: Glencoe Publishing Company, 1984.
- *Making Smart Choices, Protecting Your Money*. Washington, DC: Office of Consumer/Business Education, Bureau of Consumer Protection, 1991.
- Ryan, Joan S. *Managing Your Personal Finances*. Dallas: South-Western Publishing Company, 1994.
- Sasse, Connie, Anne Hagy, Tybe Kahn, and Jeanne Brinkley. *Life Skills: Personal and Home Management*. Blacklick, OH: Glencoe Publishing Company, 1987.

OBJECTIVE 1

Match terms associated with earning money to their correct definitions.

- **commission** — a fee paid to a salesperson or agent based on a percentage of the value of the item or service sold
- **entrepreneur** — one who organizes, manages, and assumes the risks of a business or enterprise
- **hourly wage** — a set amount of pay agreed on for each hour worked
- **interest** — charge for borrowing money or amount earned for loaning money, generally a percentage of the amount borrowed

NOTE: Interest may also be money paid by a bank to a depositor for the use of the depositor's money.

- **investor** — a person who commits money in order to earn a financial return

EXAMPLE: Someone who buys stock in a company; someone who helps finance a new business; someone who helps finance a race horse

- **salary** — a set amount of pay agreed on for a period of time longer than one hour or one day—usually one week, two weeks, one month, or one year
- **tip** — a small sum of money given as an acknowledgement of services rendered

OBJECTIVE 2

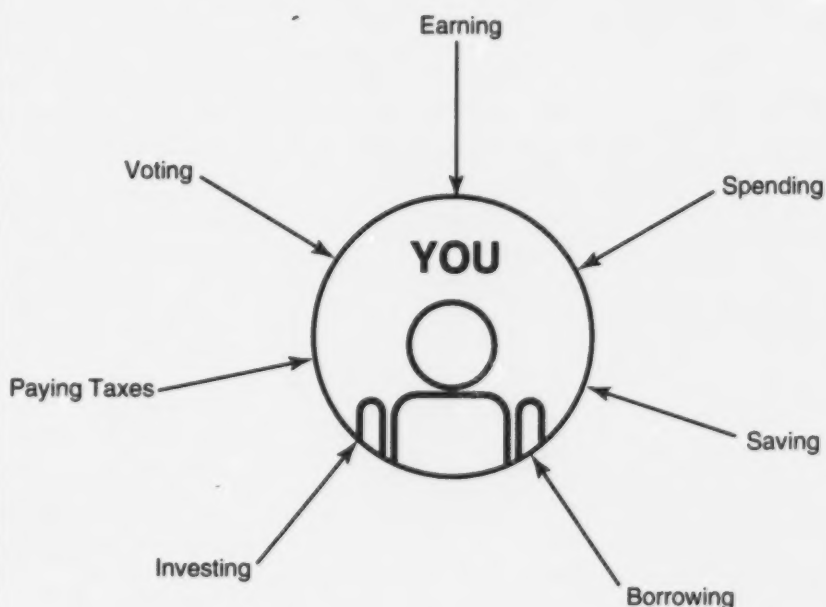
Match types of people with ways they acquire money.

- **Salary** — Most full-time offceworkers, teachers, nurses, dental assistants, professors, managers, supervisors
- **Hourly wage** — Part-time office workers and nurses; grocery store checkers and sackers; construction workers

- Tips — Waiters and waitresses, cosmetologists, bell hops, taxi drivers
- Self-employed/entrepreneur — Doctors, dentists, business owners, lawyers, farmers
- Commission — Car salespersons; realty salespersons; door-to-door vacuum cleaner, encyclopedia, or cosmetic salespersons
- Public assistance — People on welfare; elderly people on social security; unemployment compensation for workers who have lost their jobs
- Retirement income — People who have worked for a company long enough to qualify for a retirement plan and have reached retirement age
- Investment income — People who earn interest from bank accounts and financial ventures; investors earn money (or hope to) from stocks and bonds

OBJECTIVE 3

State ways the individual participates in the economy.



- **Wage earner** — Earning power depends on job skills, experience, and education. Your personal standard of living, based on your earning power, raises or lowers the national standard of living.
- **Consumer** — When you buy a product, you help create a demand for that product.
- **Saver** — Saving can include anything that increases your financial welfare. Besides bank accounts, retirement fund contributions and the face value of your life insurance policy can also be considered savings.
- **Borrower** — Taking out a cash loan is borrowing. Credit card purchasing and installment plan buying are also forms of borrowing.
- **Investor** — People invest money in such things as real estate, stocks, bonds, private business, coin or stamp collections, antiques, or precious metals in an effort to improve their financial condition.
- **Taxpayer** — The government spends your tax money on goods and services. The spending choices the government makes result in more demand for the goods and services it buys.
- **Voter** — The officials we elect can influence the economic decisions and policies of the government.

A Brief History of Money

Long ago, people hunted and gathered their own food, made clothing from animal skins, and used caves or simple construction for shelter. These people did not need money.

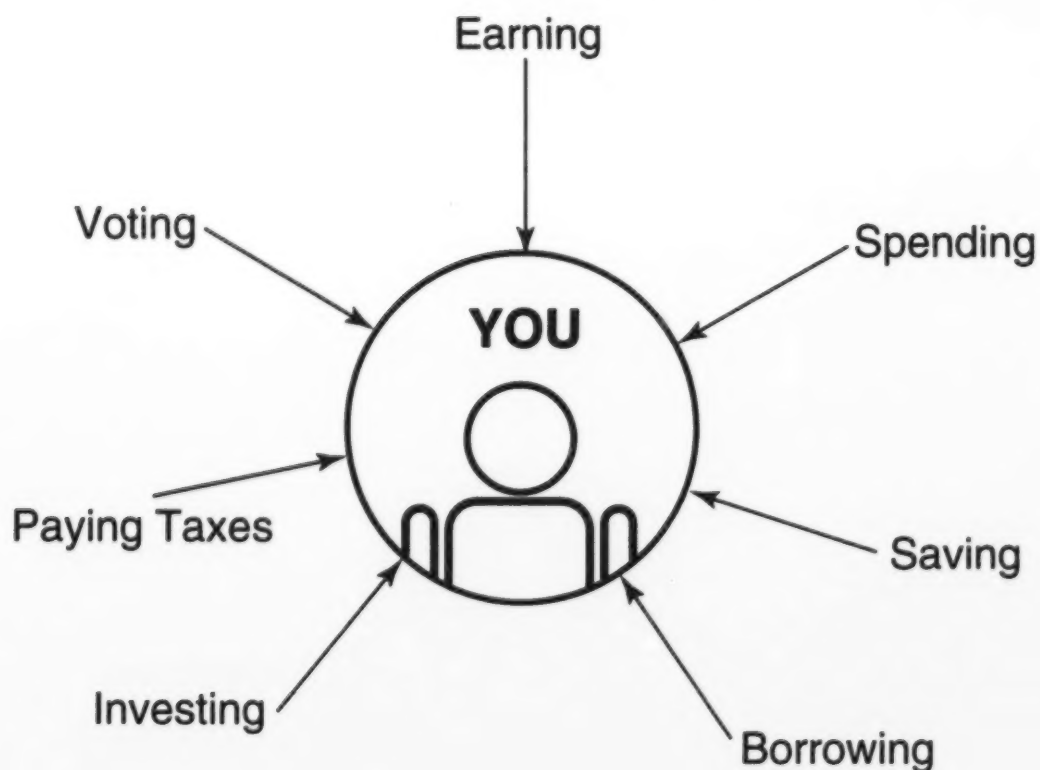
Later, people began to specialize. Some preferred to raise animals; others were better at weaving baskets, making shoes, or gardening. When people began to specialize, they began to barter. A sheep herder might trade with a shoemaker, one lamb for three pairs of shoes. When bartering became too awkward (objects were heavy and hard to transport, some were perishable, people could not make change), mediums of exchange were agreed on. They used things that everyone valued such as metals, salt, or grain.

Eventually, to ensure purity and uniform value, governments and other authorities began to manufacture coins. The first coins probably appeared in what is now Turkey between 600 and 700 B.C.

Paper money came along much later. Marco Polo observed its use in China in the 1200s A.D. Paper money is unique because, although it represents value, it has no value of its own. Our paper currency was developed in the 1600s A.D. from an English custom. At that time, people stored their gold and other valuables with a goldsmith; the goldsmith gave them a written receipt. This receipt represented the value of the items stored with the goldsmith and was acceptable to other people as payment for goods or services. Whoever had the receipt could take it to the goldsmith and exchange it for the valuables.

The value of today's American dollar is purely symbolic. It can no longer be exchanged for an exact amount of gold or silver. The value of today's dollar floats up and down with the growth or decline of the American economy.

Ways the Individual Participates in the Economy



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52

Assess Personal Reasons For Spending**INTRODUCTION**

The importance of money varies, but most of us value it for the sense of power, security, and pleasure it provides. Some of us think that money can buy objects and activities that will make us more admired by our peers, that will protect us from peril, and that will give us joy we could not have otherwise.

INSTRUCTIONS

State ways you have spent money for a sense of power, security and pleasure.

1. At times people choose to use their money to increase their sense of power. A person might buy a pair of name-brand blue-jeans in order to look as good as someone else. Or he or she might buy a boat/car/bicycle in order to go faster and look better than someone else. It might increase a person's sense of power to be able to hire someone to do laundry or wash a car.

State one way you have used money to increase your sense of power.

2. People also use money to increase their sense of security. Examples of this include saving money in bank accounts, making safe investments (such as buying stock in secure companies), purchasing a house or a practical car, or purchasing insurance.

State three ways you have used money to increase your sense of security.

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3. Most people use money to increase their sense of pleasure at times. Pleasure items can include everything from a yacht or a Caribbean cruise to a favorite candy bar or an unneeded pair of shoes.

State three ways you have used money to increase your sense of pleasure.

4. If you won \$50,000.00 in a state lottery, what would you do with the money? Why?

**WRITTEN
TEST**

EARNING MONEY

1

Name _____ Score _____

OBJECTIVE 1

Match terms associated with earning money to their correct definitions. Write the correct letters in the blanks.

- | | |
|---------------|-----------------|
| A. interest | E. hourly wage |
| B. commission | F. salary |
| C. investor | G. entrepreneur |
| D. tip | |

- _____ 1. A small sum of money given as an acknowledgement of services rendered
- _____ 2. A person who commits money in order to earn a financial return
- _____ 3. A set amount of pay agreed on for each hour worked
- _____ 4. A fee paid to a salesperson or agent based on a percentage of the value of the item or service sold
- _____ 5. One who organizes, manages, and assumes the risks of a business or enterprise
- _____ 6. Charge for borrowing money or amount earned for loaning money, generally a percentage of the amount borrowed
- _____ 7. A set amount of pay agreed on for a period of time longer than one hour or one day—usually one week, two weeks, one month, or one year

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55

OBJECTIVE 2

Match types of people with ways they acquire money. Write the correct letters in the blanks.

- | | |
|-----------------------------------|----------------------|
| A. salary | E. hourly wage |
| B. tips | F. public assistance |
| C. investment income | G. retirement income |
| D. self-employed/
entrepreneur | H. commission |

- _____ 1. Most full-time office workers, teachers, nurses, dental assistants, professors, managers, supervisors
- _____ 2. People who earn interest from bank accounts and financial ventures; investors earn money (or hope to) from stocks and bonds
- _____ 3. Doctors, dentists, business owners, lawyers, farmers
- _____ 4. People who have worked for a company long enough to qualify for a retirement plan and have reached retirement age
- _____ 5. Waiters and waitresses, cosmetologists, bell hops, taxi drivers
- _____ 6. Car salespersons; realty salespersons; door-to-door vacuum cleaner, encyclopedia, or cosmetic salespersons
- _____ 7. Part-time office workers and nurses; grocery store checkers and sackers; construction workers
- _____ 8. People on welfare; elderly people on social security; unemployment compensation for workers who have lost their jobs

OBJECTIVE 3

State ways an individual participates in the economy. List six ways.

- _____
- _____
- _____
- _____
- _____
- _____

ANSWERS**EARNING MONEY****1****WRITTEN
TEST****OBJECTIVE 1**

- | | |
|------|------|
| 1. D | 5. G |
| 2. C | 6. A |
| 3. E | 7. F |
| 4. B | |

OBJECTIVE 2

- | | |
|------|------|
| 1. A | 5. B |
| 2. C | 6. H |
| 3. D | 7. E |
| 4. G | 8. F |

OBJECTIVE 3

Answer should include any six of the following:

- Wage earner
- Consumer
- Saver
- Borrower
- Investor
- Taxpayer
- Voter

**OBJECTIVE
SHEET****MANAGING MONEY****2****INTRODUCTION**

One way to help you balance your financial income and output is to budget your money. By preparing and following a financial plan, you will be able to use your resources as you intend, not just haphazardly. A budget can help you track your expenses and meet your financial goals.

**UNIT
OBJECTIVE**

After completing this unit, the student will show the following competencies by mastering the activities on the Assignment Sheets and by scoring at least 85% on the Written Test.

**SPECIFIC
OBJECTIVES**

1. Match terms associated with budgeting to their correct definitions.
2. State fixed expenses involved in money management.
3. State variable expenses involved in money management.
4. Discuss the benefits of keeping a budget.
5. State guidelines for preparing a budget.
6. Analyze budgeting case studies. (Assignment Sheet 1)
7. Prepare a budget. (Assignment Sheet 2)

**SUGGESTED
ACTIVITIES****MANAGING MONEY****2****PREPARATION**

- Review the unit and plan your presentation.
- Determine the scope and sequence of objectives you add. Design and develop support materials, including evaluation techniques for additional objectives.
- Review the teaching suggestions, and plan classroom activities.
- Determine how you will schedule time for students to demonstrate competence in the required procedures.
- Order materials to supplement the unit.
- Order videos.
- Invite guest speakers.

NOTE: Please provide the guest speaker with the specific topic relevant to the unit of instruction ahead of time. You may want to supply the Objective Sheet, Information Sheet, and any other components you want the speaker to cover. Confirm the scheduled appearance two to three days prior to the presentation.

DELIVERY**Objective 1: Match terms associated with budgeting to their correct definitions.**

- Have the students make a list of all the items they spend money on. They might begin by listing the expenditures they typically make in a week and then add monthly expenditures.
- Have the students list the items they think should be included in a budget. After you have discussed their lists, have the students save their lists to compare later with the items suggested on the Information Sheet for objectives 2 and 3.
- Use Information Sheet, objective 1 to discuss the terms and definitions associated with budgeting.

- Have the students complete the Supplement, "Assessment of Money Management;" use their answers as the basis for a class discussion.

Objective 2: State fixed expenses involved in money management.

- Use Information Sheet, objective 2 to discuss fixed expenses.

Objective 3: State variable expenses involved in money management.

- Use Information Sheet, objective 3 to discuss variable expenses.
- Have the students compare the lists of fixed and variable expenses in the Information Sheet to the lists they made for objective 1. Discuss any items they omitted in their original lists.
- Have the students make a list of the items they need to include in their individual budgets.

Objective 4: Discuss the benefits of keeping a budget.

- Use Information Sheet, objective 4 to present the benefits of keeping a budget.
- Have a financial advisor from a local business or bank talk to the class about money management and financial planning.

Objective 5: State guidelines for preparing a budget.

- Use the Transparency to show average percentages for various budget items.
- Use Information Sheet, objective 5 to guide the students through the process of budgeting.

Objective 6: Analyze budgeting case studies. (Assignment Sheet 1)

- Have the students complete Assignment Sheet 1.
- Discuss the answers in class.

EVALUATION

Objective 7: Prepare a budget. (Assignment Sheet 2)

- Have the students complete Assignment Sheet 2.
- Compare the different ways the students made budgetary adjustments in Part 2.
- Suggest that the students use their lists from objective 3 as a starting point for preparing personal budgets.

Pretest

- Give the Written Test as a pretest.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in the unit or create supplementary materials for individual students as required.

Skill Test

- Evaluate students on Assignment Sheet activities if not previously done.
- Reteach and reevaluate if necessary.
- Modify materials in the unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the Written Test actions listed in the specific objectives.
- Give the Written Test.
- **NOTE:** The Written Test may be given in sections if desired.
- Reteach and retest if necessary.

SUGGESTED RESOURCES

- Review individual and group performance in order to evaluate teaching methods. Adjust the scope, sequence, or instructional approaches for additional lessons as required.

Print Media

- Porter, Sylvia. *Sylvia Porter's Your Finances in the 1990s*. New York: Prentice Hall Press, 1990.
- Quinn, Jane Bryant. *Making the Most of Your Money: Smart Ways to Create Wealth and Plan Your Finances in the 90's*. New York: Simon & Schuster, 1991.
- Roark, Jennifer. *Adult and Family Living*. Stillwater, OK: Oklahoma Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1990.
- Savage, Terry. *Terry Savage Talks Money*. Dearborn Financial Publishing, Inc., 1990.

OBJECTIVE 1

Match terms associated with budgeting to their correct definitions.

- **advertisement** — sales message of a paying sponsor encouraging a person to buy a certain product or service
- **budget** — plan for the use of money based on goals and expected income and expenditures
- **consumer** — a buyer of goods or services
- **dividend** — share of the profit paid to stockholders or shareholders in proportion to their share of ownership
- **expenditure** — money spent for items, or money set aside for future needs
- **goal** — objective toward which a person works
- **goods** — items purchased by the consumer
- **impulse buying** — purchasing without considering need
- **income** — money received by an individual over a given period of time

EXAMPLE: Wages or salary, allowance, gifts
- **investment** — something on which a return or profit is expected
- **lifestyle** — person's or family's preferred approach to living as reflected in values, goals, possessions, activities, and interpersonal relationships
- **money management** — systematic method of planning for spending based on expected income
- **need** — item a person is unable to live without

EXAMPLE: Food, clothing, shelter

- **retirement** — withdrawal from business activity, usually as a result of age or of fulfilling a specified number of years working for a company or organization
- **service** — item which is non-material such as police protection
- **service charge** — fee added to the price of goods or services connected with a sale
- **shareholder** — person who has money deposited in a credit union or savings and loan association
- **stockholder** — person who owns shares in a corporation
- **value** — something a person believes is of importance

OBJECTIVE 2

State fixed expenses involved in money management.

☒ **NOTE:** A *fixed expense* is a set amount of money due on a set date. As a rule, fixed expenses must be paid when due.

- Rent or mortgage payments

☒ **NOTE:** Include property tax and insurance if these are a part of your house payment. Your rent or house payments plus utilities should not exceed 25% of your income.

- Other real estate payments

EXAMPLE: Second mortgage, home improvement loan, vacation home, storage rental, pasture for horses, homeowner association fees

- Income and property taxes not taken directly out of your paycheck

EXAMPLE: Federal and state taxes, past taxes, property taxes not included in house payments

- Other taxes

EXAMPLE: Gift or estate taxes

- Installment contract payments

EXAMPLE: Payments on cars, boats, camping trailers, furniture, appliances

NOTE: Caution should be taken not to get more than ten to twenty percent of your income obligated to installment payments and charge accounts.

- Personal property lease payments

EXAMPLE: Lease payments on a car or furniture

- Insurance not taken directly out of your paycheck or not included in a house payment

EXAMPLE: Real property (fire, theft, liability), personal property (homeowner's, renter's, auto), life, health

- Regular payments to others

EXAMPLE: Alimony, child support

- Regular contributions

EXAMPLE: Church, charities

- Dues

EXAMPLE: Union, club, professional organizations

- Savings

NOTE: Five to ten percent of your income should be put into savings.

OBJECTIVE 3

State variable expenses involved in money management.

NOTE: A *variable expense* is one that changes in amount and frequency and offers the best opportunity for adjustments in managing money.

- Utilities

EXAMPLE: Gas, electricity, telephone, water, garbage, sewage, cable TV

- Charge accounts

EXAMPLE: Department stores, oil and gas companies, major credit cards, mail order companies

- Medical and dental bills not covered by insurance
- Transportation

NOTE: Car payments are a fixed expense; the variable expenses of gas, oil, repairs, car tag, license, and servicing must be considered when making a budget. Approximately 15 percent of your budget will be spent related to transportation.

- Household maintenance and repair

EXAMPLE: Gardening, cleaning supplies, appliance and TV repairs, electrical repairs

- Child care

EXAMPLE: Babysitter, daycare

- Food

NOTE: Don't forget to include all the nonfood items in the supermarket bill. A rule of thumb is that your food bill should not be more than 20 percent of your income.

- Personal maintenance

EXAMPLE: Clothing purchases, laundry, barber and beauty salon, grooming and health products

- Self-improvement and education

EXAMPLE: Books, magazines, newspapers, seminars, music lessons, tuition, room and board away from home

- Recreation and entertainment

EXAMPLE: Movies, sports, restaurants, vacations, parties, record albums, photographs

NOTE: Recreation and entertainment are sizeable expenditures and should, therefore, be included in a budget.

OBJECTIVE 4

- Other expenses

EXAMPLE: Gifts, traffic tickets, Christmas decorations and presents, stamps

Discuss the benefits of keeping a budget.

- Aids in establishing goals and priorities

NOTE: Planning a budget helps people to focus on the items they must have, the items they would like to have, and the items or goals that they can do without.

- Helps in attaining long-range goals

- Reduces wasteful spending

NOTE: People may not realize that they are spending too much on nonessential items until they add up the figures.

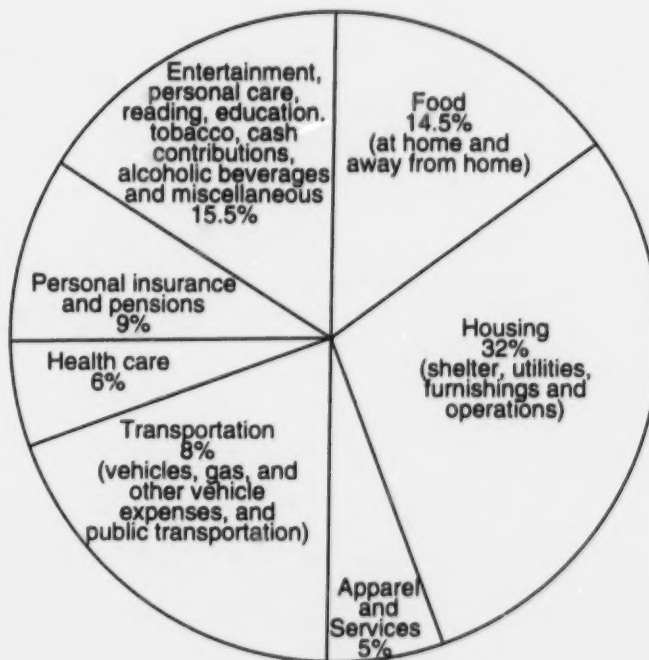
- Provides the useful financial records

NOTE: In order to keep a budget, a person must record, in an organized way, where, when, and how money is spent. These records can be useful in many situations, but especially when filing income tax returns.

- Provides the opportunity for regular financial checkups

OBJECTIVE 5

State guidelines for preparing a budget.



1. Determine goals.
2. Estimate income.
3. Estimate expenditures.
4. Earmark money available for expenses.
5. Make expenditures according to budget.
6. Compare actual and estimated expenses.
7. Evaluate budget and revise as needed.

OBJECTIVE 6

Complete Assignment Sheet 1.

OBJECTIVE 7

Complete Assignment Sheet 2.

INTRODUCTION

ASSESSMENT OF MONEY MANAGEMENT

Before you can control your money to your greatest benefit, you must know how you are currently managing it. Your responses to the following questions will help you determine how you are using your financial resources.

1. Source of money

Do you have a regular job or source of income other than an allowance? Yes _____ No _____

Is your job your only source of income? Yes _____ No _____

If you have a job, do you contribute to family expenses?
Yes _____ No _____

If you are married, is your spouse employed? Yes _____
No _____

2. Spending money—if you have a regular income, check the items that your income is expected to cover.

- _____ Spending money and recreation
- _____ School expenses
- _____ Food
- _____ Transportation
- _____ Clothing
- _____ Cosmetics
- _____ Hair styling expenses
- _____ Regular savings
- _____ All expenses

3. Money needs—list the items you feel you need money for in the order of their importance to you.

- a. _____
- b. _____
- c. _____
- d. _____

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e. _____

f. _____

4. Buying practices—fill in the following checklist in relation to your buying habits.

	Rarely	Sometimes	Most of the time
Do you plan before you shop?			
Do you plan to buy something that will be suitable to wear with what you already have?			
Do you decide on a maximum amount to be spent before shopping?			
Do you compare values from store to store?			
Do you read information on labels?			
Do you check the quality of the material?			
Do you look to see how well garments are made?			

5. Influences on selection—fill in the following checklist in relation to what influences your selection.

	Rarely	Sometimes	Most of the time
Labels on products			
Special sales			
Brand names used in national advertising			
Quality			
Construction			
Need			
Cost			
Care required			
Popularity or fads			
Desire to be different			

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	Rarely	Sometimes	Most of the time
Desire to be like the crowd			
Friend's opinion			
Parent's opinion			
Length of use intended			

6. Responsibility for buying—in buying the following applicable items, fill out the checklist to indicate the degree of responsibility you take for buying.

	Select alone	Select with friend	Someone else selects
Sweaters			
Blouses and/or shirts			
Skirts and/or slacks			
Dresses and/or suits			
Coats and jackets			
Accessories			
Material for sewing			
Underclothing			
Hosiery and/or socks			
Shoes			
Cosmetics			
Tickets for sporting events			
Tickets for movies and concerts			
Books and magazines			
Tapes and CDs			
Other types of recreation			

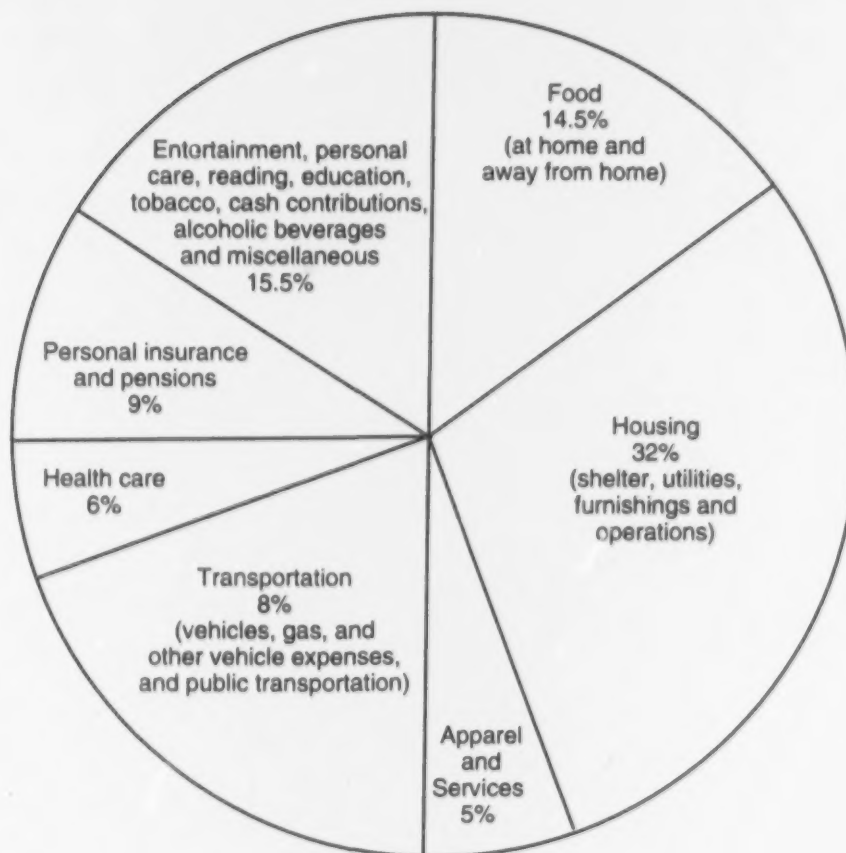
Do you take responsibility for shopping for food for the family?

____ Rarely ____ Sometimes ____ Most of the time

Do you spend money for special training, such as music, speech, art, or dancing? Yes ____ No ____

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Where Money Goes



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**ASSIGNMENT
SHEET 1**

MANAGING MONEY

2

Name _____ Score _____

OBJECTIVE 6

Analyze budgeting case studies.

INTRODUCTION

Difficult decisions must often be made when you have less money than you have needs and wants. At these times you must make adjustments in your financial plan and compromises in your goals.

INSTRUCTIONS



Reading Comprehension

- Draw conclusions
- React to written material

Functional Reading

- Follow written instructions



Language

- State ideas clearly



Operation and Calculation

- Calculate with whole numbers

Math Application

- Solve word problems

Functional Math

- Solve practical problems

Read the following cases, and answer the questions that follow.

1. Jana takes home \$1356 per month. She spends \$300 per month for rent, \$160 per month on gas and car upkeep, \$325 per month on food and beverages, \$100 per month on clothing, \$85 per month on furniture payments, and \$80 per month on household operation. She also deposits \$150 into her savings account. For the past three months, Jana has been having to spend about \$130 per month in car repairs; her mechanic estimates another \$1000 of work over the next few months.

Can Jana afford a new car with payments of \$245 per month with her current budget?

What adjustments will she need to make in her current budget?

What changes would you recommend?

2. Wayne has been saving money to buy a boat for fishing, skiing, and general recreation. He has saved \$4000 dollars so far. He picked out a boat that has a total price of \$12,500 including finance charges. His payments would be \$178 per month for the next four years.

Monthly salary: \$1800.00

Mortgage: \$325

Car and transportation: \$235

Food, etc.: \$440

Household operation: \$130

Furniture and housing equipment: \$120

Clothing: \$160

Savings: \$150

Can Wayne afford the boat payment and stay within his budget as listed above?

If you were Wayne would you buy the boat? ____ Why or why not?

3. Alfonso wants to get married. He earns \$14,500 a year; his fiance earns \$2500 a year. He wants them to move out of their parents' homes into a rented apartment. He has just started to compile a list of expenses they will encounter as newlyweds.

What items should be included in Alfonso's budget?

74

**ASSIGNMENT
SHEET 2**

MANAGING MONEY

2

Name _____ Score _____

OBJECTIVE 7

Prepare a budget.

INTRODUCTION

The more you know about your cash flow, the easier it is to manage your money. When expenses are greater than income, adjustments must be made in items that you can control, such as purchases of clothing, entertainment, and, to some extent, utilities.

INSTRUCTIONS

Read the following scenario, respond to the questions, and discuss your answers.



Reading Comprehension

- Draw conclusions
- React to written material
- Functional Reading
- Follow written instructions



Language

- State ideas clearly



Operation and Calculation

- Calculate with decimals
- Math Application
- Solve word problems
- Functional Math
- Solve practical problems
- Solve income/expense problems
- Prepare a budget
- Use calculator for computation

Part 1

1. Alfonso and Jamie bring home a total of \$17,000 a year. Review the monthly expenses Alfonso has listed. At the end, write others you would include.
2. Given their monthly income and their projected monthly expenses, can Alfonso and Jamie afford to marry and live independently?

3. What suggestions do you have for adjustments?

Cash-Flow Plan for Mr. and Mrs. Alfonso Smithton

• **Housing**

Rent - \$325.00
(water included)

Utilities - \$125.00
(electricity, phone)

75

- Transportation

Car payment - \$235.00

Car insurance - \$80.00

Car upkeep - \$25.00
(tires, oil, filters)

Fuel - \$50.00

- Food

Lunches out - \$100.00
(\$20 a week for him;
wife will carry lunch)

Groceries - \$240.00

- Entertainment

Movie rentals - \$15.00

CDs/tapes - \$35.00

Restaurants - \$30.00

Sports/festivals/parks - \$30.00

- Clothing

Alfonzo - \$50.00

Jamie - \$75.00

- Gifts

Birthday - \$10.00

Christmas - \$20.00

Others _____

Part 2

Alfonso and Jamie marry in August. In September Alfonso's car is wrecked as it sits in the apartment parking lot. No one admits having damaged the driver's side so badly that it must be repaired before Alfonso can drive the car. Alfonso's car insurance has a \$250 deductible. His father says he will loan Alfonso the money, but he must be repaid before Christmas. Keeping in mind that their projected monthly expenditure was already less than their income, what suggestions do you have for Alfonso and Jamie to repay the \$250 on time?

77

Name _____ Score _____

OBJECTIVE 1

Match terms associated with budgeting to their correct definitions. (Definitions are continued on the following page.)
Write the correct letters in the blanks.

- | | |
|---------------------|-------------------|
| A. money management | K. shareholder |
| B. goal | L. dividend |
| C. budget | M. expenditure |
| D. income | N. service charge |
| E. lifestyle | O. consumer |
| F. advertisement | P. goods |
| G. retirement | Q. need |
| H. investment | R. service |
| I. impulse buying | S. value |
| J. stockholder | |

- _____ 1. Withdrawal from business activity, usually as a result of age or of fulfilling a specified number of years working for a company or organization
- _____ 2. Objective toward which a person works
- _____ 3. Something on which a return or profit is expected
- _____ 4. Money spent for items, or money set aside for future needs
- _____ 5. Person who owns shares in a corporation
- _____ 6. Purchasing without considering need
- _____ 7. Systematic method of planning for spending based on expected income
- _____ 8. Sales message of a paying sponsor encouraging a person to buy a certain product or service
- _____ 9. Share of the profit paid to shareholders or stockholders in proportion to their share of ownership

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78

- _____ 10. Plan for the use of money based on goals and expected income and expenditures
- _____ 11. Person's or family's preferred approach to living as reflected in values, goals, possessions, etc.
- _____ 12. Person who has money deposited in a credit union or savings and loan association
- _____ 13. Money received by an individual over a given period of time
- _____ 14. Fee added to the price of goods or services connected with a sale
- _____ 15. Buyer of goods or services
- _____ 16. Something a person believes is of importance
- _____ 17. Item a person is unable to live without
- _____ 18. Items purchased by the consumer
- _____ 19. Item which is non-material such as police protection

OBJECTIVE 2

State fixed expenses involved in money management. List eight.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

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OBJECTIVE 3

State variable expenses involved in money management. List eight.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

OBJECTIVE 4

Discuss the benefits of keeping a budget. Include four specific benefits.

- _____
- _____
- _____
- _____

OBJECTIVE 5

State guidelines for preparing a budget. List six.

- _____
- _____
- _____
- _____
- _____
- _____

OBJECTIVE 6

Evaluated on Assignment Sheet 1.

OBJECTIVE 7

Evaluated on Assignment Sheet 2.

May be photocopied for student use.

80

ASSIGNMENT
SHEETS

OBJECTIVE 6

Assignment Sheet 1

1. No, she would have no money left for "other" expenses. She needs to adjust her budget by reducing her savings deposit to \$75 per month, and she needs to try to economize her food and beverage expense.

☒ **NOTE:** Other alternatives are possible.

2. No, Wayne cannot afford the boat within his current budget because he would have less than \$30 per month for "other" expenses.

Answers to the second question may vary and should generate a good class discussion on needs, goals, and budgeting. Have students explain their answers.

3. Answers will vary.

OBJECTIVE 7

Assignment Sheet 2

Part 1

Among items not included in the budget are toiletries; cosmetics; haircuts; purchase of TV, VCR, and household appliances; hobbies

1. Answers will vary. Remind the students their income is \$17,000; their projected expenses are \$17,340.
2. Answers will vary. Entertainment items appear the most expendable.

Part 2

Evaluated to the satisfaction of the instructor

WRITTEN TEST

OBJECTIVE 1

- | | | | |
|------|-------|-------|-------|
| 1. G | 6. I | 11. E | 16. S |
| 2. B | 7. A | 12. K | 17. Q |
| 3. H | 8. F | 13. D | 18. P |
| 4. M | 9. L | 14. N | 19. R |
| 5. J | 10. C | 15. O | |

OBJECTIVE 2

Answer should include any eight of the following:

- Rent or mortgage payments
- Other real estate payments
- Income and property taxes not taken directly out of your paycheck
- Other taxes
- Installment contract payments
- Personal property lease payments
- Insurance not directly taken out of your paycheck or not included in a house payment
- Regular payments to others
- Regular contributions
- Dues
- Savings

OBJECTIVE 3

Answer should include any eight of the following:

- Utilities
- Charge accounts
- Medical and dental bills not covered by insurance
- Transportation
- Household maintenance and repair
- Child care
- Food
- Personal maintenance
- Self-improvement and education
- Recreation and entertainment
- Other expenses

OBJECTIVE 4

Answer should include any four of the following:

- Aids in establishing goals and priorities
- Helps in attaining long-range goals
- Reduces wasteful spending
- Provides useful financial records
- Provides the opportunity for regular financial checkups

OBJECTIVE 5

Answer should include any six of the following:

- Determine goals.
- Estimate income.
- Estimate expenditures.
- Earmark money available for expenses.
- Make expenditures according to budget.
- Compare actual and estimated expenses.
- Evaluate budget and revise as needed.

OBJECTIVE 6

Evaluated to the satisfaction of the instructor

OBJECTIVE 7

Evaluated to the satisfaction of the instructor

**OBJECTIVE
SHEET****SPENDING MONEY****3****INTRODUCTION**

Knowing how to spend money wisely is a skill that can be learned; it requires attention and effort. You have known people who live well in spite of limited incomes. Most likely they have learned to make shrewd purchasing decisions—to comparative shop, to recognize quality, to patronize sales, and to conserve their money for emergencies.

**UNIT
OBJECTIVE**

After completing this unit, the student will show the following competencies by mastering the activities on the Assignment Sheets and by scoring at least 85% on the Written Test.

**SPECIFIC
OBJECTIVES**

1. Match terms related to consumer spending to their correct definitions.
2. Select from a list factors that affect consumer spending.
3. Analyze consumer buying habits. (Assignment Sheet 1)
4. Discuss factors to consider before making a purchase.
5. Use a pre-purchase checklist. (Assignment Sheet 2)
6. Arrange in order steps in the decision-making process.
7. Analyze purchasing decisions. (Assignment Sheet 3)
8. State guidelines for purchasing food.
9. State guidelines for saving money on transportation.
10. State guidelines for purchasing clothing.
11. State guidelines for purchasing furniture and small appliance.
12. Discuss the ways consumers benefit from product advertising.
13. Evaluate advertising. (Assignment Sheet 4)
14. State guidelines for selecting a quality product.
15. State types of shopping sources.

81

SUGGESTED ACTIVITIES

SPENDING MONEY

3

PREPARATION

- Review the unit and plan your presentation.
- Determine the scope and sequence of objectives you add. Design and develop support materials, including evaluation techniques for additional objectives.
- Review the teaching suggestions, and plan classroom activities.
- Determine how you will schedule time for students to demonstrate competence in the required procedures.
- Order materials to supplement the unit.
- Order videos.
- Invite guest speakers.

NOTE: Please provide the guest speaker with the specific topic relevant to the unit of instruction ahead of time. You may want to supply the Objective Sheet, Information Sheet, and any other components you want the speaker to cover. Confirm the scheduled appearance two to three days prior to the presentation.

DELIVERY

Objective 1: Match terms related to consumer spending to their correct definitions.

- Have the students think about how they usually make decisions about spending money. Ask the students who have methods by which they make decisions to share their methods with the class.
- Explain that the purpose of this unit is to help the students learn how to more effectively plan how they spend their money.
- Use Information Sheet, objective 1 to discuss the terms and definitions related to consumer spending.

Objective 2: Select from a list factors that affect consumer spending.

- Use Information Sheet, objective 2 to discuss the factors that influence consumer spending.
- In a class discussion, have the students relate how each of these factors has influenced a purchase they have made.
- Use the Handout to discuss different types of taxes that may affect consumer spending.
- Use the Supplement to point out the extent to which different types of individuals are consumers or producers.

Objective 3: Analyze consumer buying habits. (Assignment Sheet 1)

- Have the students complete Assignment Sheet 1.
- Discuss the students' answers in class. Compare the buying habits of individual students, the class as a group, and other consumers in the community.

Objective 4: Discuss factors to consider before making a purchase.

- Use Information Sheet, objective 4 to discuss the factors to consider before deciding to buy.

Objective 5: Use a pre-purchase checklist. (Assignment Sheet 2)

- Have the students complete Assignment Sheet 2.
- Discuss the students' answers in class. Stress that although consumers do not ordinarily use a written checklist, wise consumers routinely follow the suggestions on this pre-purchase checklist.

Objective 6: Arrange in order steps in the decision-making process.

- Use Information Sheet, objective 6 to discuss the steps in the decision-making process.
- Have the students practice the process in a role-playing situation. Have the students divide into groups of three or four. Give each group a hypothetical situation that requires a

decision about a major purchase (buying a washing machine or dryer, buying a new television or stereo, etc.). Have them work together to decide the proper action to take.

- Have each group give an oral report explaining what the problem was, what decision was made, and why.

Objective 7: Analyze purchasing decisions. (Assignment Sheet 3)

- Have the students complete Assignment Sheet 3.
- Discuss their answers in class. Do the students agree with the unit definitions of *need* and *want*? If not, how do they define these terms?

Objective 8: State guidelines for purchasing food.

- Use Information Sheet, objective 8 to discuss the basic guidelines.
- Have the students go to three stores (a grocery store, a convenience mart, and a discount grocery) to compare prices on five basic items such as a gallon of milk, a loaf of bread, a pound of bacon, a five-pound bag of potatoes, and a quart jar of mayonnaise.
- Within one grocery store, have the students compare three "house" brand prices to three comparable nationally advertised brands (try toilet paper, peanut butter, and fabric softener sheets for the dryer).
- Within one store, have the students compare the prices of different cuts of beef.
- Also within a single store, have the students use unit pricing to compare to cost per ounce of different size containers of the same product such as cereal or detergent.
- Have the students report to and discuss with the class the results of their comparison shopping.

Objective 9: State guidelines for saving money on transportation.

- Use Information Sheet, objective 9 to discuss the basic guidelines.

- Have the students compare prices of full-service and self-service gasoline at local gas stations and report their findings to the class.

Objective 10: State guidelines for purchasing clothing.

- Use Information Sheet, objective 10 to discuss the basic guidelines.
- Have the students compare prices of comparable articles of clothing at different types of stores such as a major department store and a discount store or outlet store. Discuss their findings with the class.

Objective 11: State guidelines for purchasing furniture and small appliance.

- Use Information Sheet, objective 11 to discuss the basic guidelines.
- Have the students visit local furniture and appliance stores to obtain prices on the furniture and appliances they would need to furnish a new apartment. Encourage the students to shop for the best prices and credit terms. Have the students look for furnishings for a two-bedroom apartment with a dining area and a living area. A refrigerator, stove, and air-conditioner are already furnished.
- Have the students give oral reports about what they learned about furnishing an apartment. Have them explain what they would buy and what the total cost would be. Have them include any finance charges or delivery charges they would have to pay.

Objective 12: Discuss the ways consumers benefit from product advertising.

- Have the students discuss how they feel advertising affects them as consumers.
- Use Information Sheet, objective 12 to discuss how advertising can benefit the consumer.

Objective 13: Evaluate advertising. (Assignment Sheet 4)

- Have the students complete Assignment Sheet 4.

NOTE: This Assignment Sheet has five parts. Scheduling should accommodate homework including watching Saturday morning television, in class group activities, and individual presentations to the class.

EVALUATION

Objective 14: State guidelines for selecting a quality product.

- Use Information Sheet, objective 14 to discuss how to select a quality product.
- Have the students collect labels from different types of products and bring them to class. Discuss the types of information found on the labels.
- Have the students bring to class warranties from different types of products. Discuss how the students can obtain warranty work if a product breaks or is defective.

Objective 15: State types of shopping sources.

- Use Information Sheet, objective 15 to discuss different types of shopping sources.
- Have the students visit resale stores, flea markets, pawn shops, and garage or yard sales to learn what types of items are available. Discuss their findings with the class.
- Invite a representative of a cooperative to visit the class to explain how the cooperative works and what its advantages are.

Pretest

- Give the Written Test as a pretest.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in the unit or create supplementary materials for individual students as required.

Skill Test

- Evaluate students on Assignment Sheet activities if not previously done.
- Reteach and reevaluate if necessary.
- Modify materials in the unit or create supplementary materials for individual students as required.

SUGGESTED RESOURCES

Written Test

- Explain to students that they will be asked to demonstrate on the Written Test actions listed in the specific objectives.
- Give the Written Test.

☑ NOTE: The Written Test may be given in sections if desired.

- Reteach and retest if necessary.
- Review individual and group performance in order to evaluate teaching methods. Adjust the scope, sequence, or instructional approaches for additional lessons as required.

Print Media

- Porter, Sylvia. *Sylvia Porter's Your Finances in the 1990s*. New York: Prentice Hall Press, 1990.
- Roark, Jennifer. *Adult and Family Living*. Stillwater, OK: Oklahoma Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1990.
- Schmitt, Lois. *Smart Spending*. New York: Schbner, 1989.

Electronic Media

- *Very Basic Economics*. 18 minutes, video or laserdisc, 1986.

An informative analysis of macroeconomics. This film portrays a young man holding two summer jobs to earn enough money to buy his first car. Travis learns about want, resources, scarcity, choice, opportunity, cost, supply and demand, specialization, division of labor, competition, price mechanism, and pay deductions.

Available from AIMS Media, 6901 Woodley Avenue, Van Nuys, CA 91406-4878 or phone 1-800-367-2467. Order No. 9823-H5.

OBJECTIVE 1

Match terms related to consumer spending to their correct definitions.

- **advertising** — presenting products and services favorably to consumers to promote sales
- **alternatives** — any of two or more ideas from which a choice must be made

NOTE: The more skills and knowledge one has, the more alternatives one has in decision-making.

- **brand** — manufacturer's name on product; promotes recognition and repeat sales
- **comparison shopping** — securing information from several sources about quality, features, services, and cost of product before purchase
- **consumer activities** — spending, borrowing, saving, and investing
- **contract** — legal agreement between two or more parties; enforceable by law
- **decision-making** — considering choices and deciding on the best one
- **emotional appeal** — advertising that uses attitudes and excites people to buy impulsively

NOTE: In many advertisements, rational and emotional appeals overlap.

- **fraud** — something that is said or done to deceive, trick, or cheat a consumer
- **grades** — standards of quality

EXAMPLE: Grade A large eggs, Number 1 wood shingle

- **label** — provides information about a product

EXAMPLE: Brand name, nutritional information, ingredients, required government information
- **long-range goals** — objectives that may not be reached for years
- **rational appeal** — advertising that centers on logic by providing basic facts and information
- **resources** — ways to obtain needs and wants

☑ **NOTE:** Resources are limited while wants may seem unlimited.
- **short-term goals** — objectives that are set for the near future
- **standards** — rules for measure of quantity, weight, extent, value, or quality

EXAMPLE: Pound, gram, foot, meter, gallon, liter, shirt and shoe sizes
- **swindle** — obtain money or property from consumers under false pretenses
- **wants** — desires, *not* necessities
- **warranty** — assurance by the seller that the goods or services are as promised

OBJECTIVE 2

Select from a list factors that affect consumer spending.

- Family situation

EXAMPLE: Income, family size, life cycle stage, lifestyle
- Values
- Basic needs and wants
- Peer influence

☑ **NOTE:** Sometimes people buy items they cannot afford because they want to impress or please others or because of peer pressure.
- Prices

- Changing social patterns

EXAMPLE: More leisure time; national trend for eating out and for convenience foods; more women in the labor force

- Fashion

NOTE: Fashion probably influences consumer choices more than anything else except income. Fashion applies to many things such as music, dancing, and leisure-time activities, as well as to clothing.

- Mood
- Credit
- Advertising
- State of the economy
- Attitudes about the future
- Availability of goods and services
- Taxes

OBJECTIVE 3

Complete Assignment Sheet 1.

OBJECTIVE 4

Discuss factors to consider before making a purchase.

NOTE: Answering such questions tends to limit impulse buying, one of the main reasons for wrecked spending plans or budgets.

- Do I really need it? If so, why?
- Is it worth the cost in terms of my effort to earn the money?
- Do I have a better use for the money?
- Am I buying it to imitate others? To show off? To make someone envious? To make myself feel important?
- If I must buy on credit, is it worth the extra money spent on interest payments?

OBJECTIVE 5

Complete Assignment Sheet 2.

OBJECTIVE 6

Arrange in order steps in the decision-making process.

NOTE: Buying is always a matter of making decisions. Choices must be made between wants and needs, between one product and another of the same kind, between two entirely different kinds of products, or between spending your money now or saving it.

1. State or define the problem; know what decisions must be made.
2. Relate the problem to personal goals and values.
3. Get the facts.

EXAMPLE: Advertisements, labels, warranties

4. Consider resources.

EXAMPLE: Types of products, shopping facilities, sources of consumer protection

5. Consider alternatives.

NOTE: Be sure to consider possible consequences of each alternative.

6. Make a decision.
7. Act on the decision.
8. Evaluate the results.

OBJECTIVE 7

Complete Assignment Sheet 3.

OBJECTIVE 8

State guidelines for purchasing food.

- Plan your shopping around weekly and seasonal specials.

NOTE: Grocery specials usually appear in Wednesday evening newspapers. Plan your shopping list well. Fewer trips to the grocery store mean fewer opportunities for impulse buying.

- Check unit pricing.

EXAMPLE: Compare prices per ounce or gram.

- Consider buying in larger quantities.

EXAMPLE: If a nonperishable product that you use frequently is on sale, it may pay to stock up on this item.

- Compare cost and time factors of convenience foods and disposable products to making dishes from "scratch" and purchasing reusable items.

NOTE: Reusable and returnable items also help keep the environment clean.

EXAMPLE: Disposable diapers and paper towels are more expensive than cloth diapers and towels.

Frozen dinners are relatively more expensive than homemade dinners.

Chicken that is cut up by the butcher may be more expensive than purchasing a whole chicken and cutting it up yourself.

Premeasured packets of chocolate mix are more expensive than buying the same ingredients and mixing it yourself.

- Learn what grades of food mean.

NOTE: The only difference in grades may be appearance. Lower grades may be just as nutritious and may cost less.

- Compare nationally advertised brands to "house" brands.

NOTE: Many companies have less expensive brands of equal quality under their own name.

- Watch for coupons in newspapers, magazines, and in the mail.

NOTE: Avoid buying items you don't need just because you have coupons.

- Purchase foods in season.

EXAMPLE: Tomatoes are less expensive in the summer.

- Read labels.

✓ NOTE: Ingredients that are in the larger quantities or weights will be listed first.

EXAMPLE: Check to see how much cereal you actually get in a box and how much of the ingredients are additives.

- Make your own convenience foods.

EXAMPLE: Make mixes by placing dry ingredients in sealed bags for later use.

Make frozen dinners from leftovers.

Make baby foods in a blender.

- Buy larger sized eggs only if they are not priced more than 7¢ above the next smaller sized eggs.

- Use tenderizing processes and methods of cooking to take advantage of less expensive cuts of meats.

EXAMPLE: Buy round steak instead of sirloin.

- Make a shopping list, and stick to it to avoid impulse buying.

- Do not shop when you are hungry.

OBJECTIVE 9

State guidelines for saving money on transportation.

- Use self-service gasoline pumps.

✓ NOTE: If you use self-service, be sure to check your battery and oil frequently. Poor maintenance can be costly in the long run.

- Practice good driving habits.

EXAMPLE: Avoid sudden stops and starts; drive at slower speeds.

OBJECTIVE 10

- Form a carpool.
- When buying a car, choose a more economical model.

NOTE: It costs less to operate a car on regular gasoline than on premium gasoline. Thus, the kind of gasoline may be a factor in selecting a car. However, be sure to balance safety factors against economy. It may be worth more to have additional safety features.

- Walk when possible.
- Use public transportation when possible.
- Lock the car to prevent theft.
- Check the car regularly before minor repairs become major repairs.

NOTE: Have regular tune-ups.

- Schedule events and organize trips to be more efficient.

State guidelines for purchasing clothing.

- Determine how much you can afford to spend for the item you want.
- Shop around to compare prices and quality.
- Match quality with use.

NOTE: Lower price does not necessarily mean a product is more economical. Cleaning cost and durability must be considered. Spend the most for basic items that will be worn the most. Make sure seams are secure and that fabric patterns match. Check for shrinkage and color fastness.

- Shop at discount and outlet stores for name brands.
- Coordinate clothes.

NOTE: Match new purchases with clothes already owned. Stick to a few basic color schemes appropriate for your hair and complexion.

- Avoid fads.

☑ NOTE: If an item is carried by several large companies, it will probably be fashionable for several seasons.

- Get a good fit.

☑ NOTE: A good fit obviously helps appearance, but it also increases the durability of the material.

- Watch for sales; buy out of season.

- Try clothes on before buying them.

☑ NOTE: Sizes vary from manufacturer to manufacturer.

- Check on return policies.

☑ NOTE: Many sale items are not returnable.

- Buy recreational and special occasion clothing according to use.

- Determine how long the item will last and approximately how many times you will wear it.

EXAMPLE: You may have a swimming pool or beach nearby and use a swimsuit two or three times a week. You may only use a fancy party dress three or four times a year. The dress will be usable for a longer period of time than the swimsuit because it gets less wear. You may wish to invest in a quality swimsuit to avoid having to buy another too soon.

- Be sure the item fits well and is designed for the intended use.

EXAMPLE: Shoes for running do not work well for aerobics, nor do walking shoes work well for tennis.

OBJECTIVE 11

State guidelines for purchasing furniture and small appliance.

- Take paint, fabric samples, and measurements with you when shopping.

- Consider buying multipurpose furniture.

EXAMPLE: Sofa beds, sit-on storage chests

- Watch classified ads for bargains on used furniture.

EXAMPLE: People who are moving often sell nice things at low cost.

- Consider buying unfinished furniture you can finish yourself.

- Watch for sales on new furniture.

EXAMPLE: Many furniture sales are held in June, carpet sales in May, and bedding and mattress sales in February.

- Buy small appliances only if you will use them at least four times a year.

NOTE: Borrowing or renting may be less expensive.

- Save sales slips, labels, and warranties.

OBJECTIVE 12

Discuss the ways consumers benefit from product advertising.

- May provide educational value

EXAMPLE: A greeting card manufacturer uses the history of St. Valentine as an advertising lead-in; packaged and canned foods are labeled with nutritional analyses; tags on handmade garments may tell about the person who made them or the location in which the items were made

- Provides product information

EXAMPLE: Private schools advertise degree, certificate, or license programs; stereo manufacturers promote the amplification capacity, ohm, and wattage of tuners; cosmetic companies state how their products have been tested

- Explains the benefits of the goods or services

EXAMPLE: Bread machine manufacturers advertise the nutritional advantages of home baked bread; credit card banks tout special features, such as 24-hour replacement of lost cards; some medical products claim to be more effective than others

NOTE: Advertising is prepared by manufacturers or their agents to sell products. Wise consumers question all ads and use reason, not emotion, when deciding to buy.

OBJECTIVE 13

Complete Assignment Sheet 4.

OBJECTIVE 14

State guidelines for selecting a quality product.

- Meets advertising claims
- Meets accepted standards for type of product
- Carries a label furnishing needed information

EXAMPLE: Washing instructions

- Carries a warranty
- Made by a reputable manufacturer

OBJECTIVE 15

State types of shopping sources.

- Retail stores

EXAMPLE: Department, specialty, variety, and discount stores

- Nonstore retailers

EXAMPLE: Direct door-to-door, mail order, vending machines

- Cooperatives

NOTE: A cooperative is formed by a group for the purpose of buying merchandise jointly at reduced prices.

- Rent-to-own stores

NOTE: A rent-to-own store leases merchandise on a contract. You can rent the items or you can apply the rental fee toward purchase. As in all purchasing, the benefits of renting toward purchasing should be carefully considered.

- Resale stores

NOTE: Resale stores specialize in selling used goods.

- Wholesale warehouses

NOTE: A wholesale warehouse sells goods at greatly reduced prices. You buy goods in quantities to get these prices, and you usually have to be a member.

- Malls

NOTE: A mall contains a variety of stores and may vary in size. It is usually enclosed and has a controlled environment.

- Flea markets

NOTE: A flea market can be a permanent or temporary place of business and specializes in selling previously owned items, arts, and crafts.

- Pawn shops

NOTE: Pawn shops loan money for articles based on their value. If the loan is not repaid within an allocated time, the pawn shop will then offer the merchandise for sale to the public.

- Garage or yard sales

NOTE: Garage or yard sales are held by individuals or groups of individuals to sell items for which they no longer have a use.

- Television

EXAMPLE: Home buying programs

- Catalogs

EXAMPLE: Penney's, Spiegel

NOTE: Most catalog shopping is done by phone or mail.

Types of Taxes

Property taxes — Levied on real property (house, land) or personal property (car, household furnishings)

NOTE: Basically, a property tax can be imposed on any individually owned property that can be bought and sold. The property tax is based on value; often the assessed value is a percentage of the probable sale price.

Income taxes — Charged according to an individual's earnings

NOTE: People with smaller incomes are expected to pay a relatively lower percentage of what they make. People with larger incomes are expected to pay a higher percentage.

Sales or excise tax — Levied on purchases

NOTE: Sales taxes charged on all purchases are classified as general sales taxes. Taxes on individual items, e.g., cigarettes, liquor, gasoline, and telephone bills, are selective sales taxes and are called **excise taxes**.

Gift taxes — Charged when one person gives another something of substantial value

NOTE: This is a way of seeing that people do not give away a large part of their estate before their death without paying any taxes.

Estate taxes — Charged on the money and other possessions that people leave to others when they die

May be photocopied for student use.

102

Consumers and Producers

Goods and services are produced to give consumers what they need and want. Goods are *things*, such as bicycles. Services are actions done for people, such as health care.

1. Indicate whether the following items are goods or services by writing G or S on the line to the left.

____ Candy bar

____ School

____ Bus ride

____ Peanut butter

____ Shoes

____ Roller coaster ride

____ Automobile

____ Football game

____ Automobile repair

____ Record

2. List four additional goods you have consumed today.

3. List four additional services you have consumed today.

4. For each of the family members listed below, write some of the things (goods and services) the person consumes and some of the things (goods and services) he or she produces.

	Consumes	Produces
Elderly and active grandfather	_____	_____
Elderly but ill grandmother	_____	_____
Mother	_____	_____
Father	_____	_____
17-year-old daughter	_____	_____
5-month-old cousin	_____	_____

5. Who in the list are the producers? _____

6. Which family members are consumers but not producers?

How are their needs supplied? _____

**ASSIGNMENT
SHEET 1**

SPENDING MONEY

3

Name _____ Score _____

OBJECTIVE 3

Analyze consumer buying habits.

INTRODUCTION

In this activity, you will be looking at your buying habits and comparing them to the habits of other people in your class and community.

INSTRUCTIONS



Reading Comprehension

- Analyze cause and effect
- Draw conclusions

Functional Reading

- Follow written instructions



Language

- State ideas clearly



Listening

- Apply active listening skills
- Analyze/identify point of view



General Relating

- Identify personal values/attitudes
- Identify values/attitudes
- Investigate/identify personal styles
- Give/receive feedback

Part 1

Complete the following statements by circling the letter before your choice.

1. When buying soft drinks, you look for
 - a. the best-known brand.
 - b. a brand that tastes the best.
 - c. the least expensive brand.
 - d. the brand with the fewest calories.
2. When shopping for jeans, you buy
 - a. the most famous brand.
 - b. the brand that fits the best although it isn't well known.
 - c. a new style of jeans; one that will make you stand out in your crowd.
 - d. jeans that will wear the longest.
3. When getting a haircut (and paying for it yourself), you worry most
 - a. that your friends like it.
 - b. that it will be the right length.
 - c. that the price is reasonable.
 - d. that it will be easy to take care of.



Cognitive Activities

- Identify/develop alternatives
- Evaluate alternatives

4. When buying shampoo, you look for
 - a. a brand best suited for your type of hair.
 - b. a new brand whose advertisements you like.
 - c. a brand your friends use.
 - d. a brand whose fragrance you like.
5. When you make a purchase, you are most influenced by
 - a. your parents.
 - b. your friends.
 - c. advertisements.
 - d. your teachers.
6. What do your answers say about you as a person and about what is important to you?

7. As a class, compare how each of you answered the five questions. What do the answers show about what is important to your classmates?

8. Is what is important to you different from what is important to your classmates? _____
How? _____

You may use the questions in Part 2 to find out about the buying habits of people in your community.

Part 2

Take a close look at your buying habits. Using a recently purchased item, complete the following questions to decide what influences your buying habits.

1. What did you buy? _____
2. Was it a planned purchase or a spur-of-the-moment one?

3. Did advertisements affect your decision? How? _____

4. How was the item displayed? _____

5. What attracted you to the display? _____

6. How did the salespeople influence you? _____

7. Did you compromise in any way? (Was it exactly what you wanted?)

8. Did you consider buying an item but decided against it? Why?

9. Why did you choose the store you did? _____

10. How would you describe your basic shopping habits?

**ASSIGNMENT
SHEET 2**

SPENDING MONEY

3

Name _____ Score _____

OBJECTIVE 5

Use a pre-purchase checklist.

INTRODUCTION

Using a checklist as you shop will help you make wise purchasing decisions. Following the list will remind you of considerations regarding product quality, reliability of service, and expense.

INSTRUCTIONS

Check (✓) whether you did or did not take the following precautions when you purchased a recent item, and explain why you did or did not.

Item purchased _____

Place of purchase _____

Cost of item _____

Reason for purchase _____

I did	I did not	Precautions	Reasons why I did or did not take precaution
		I decided on quantity, color, price range, style, etc., before I shopped.	
		I decided how much I could afford to spend from my budget.	
		I researched the item ahead of time, as necessary.	
		I shopped for the item at several stores for the best prices.	
		I went to stores with good reputations.	
		If the item was on sale, I shopped the early days for best selection.	
		If the item was on sale, I checked the original price to compare.	

I did	I did not	Precautions	Reasons why I did or did not take precaution
		I checked for fit, size, color, etc., of the item.	
		I felt the salesperson was being honest, and I was alert to deceptive practices.	
		I looked for warranties and guarantees, if appropriate.	
		I read the contract (if there was one) and asked questions if I felt I needed to.	
		If I bought on credit, I figured the total cost (interest and original cost).	
		I checked to see if a delivery or installation fee was charged.	
		I checked to be certain the item could be returned.	
		I purchased after making a decision rather than buying impulsively.	



Functional Math

- Solve practical problems
- Solve interest problems
- Use calculator for computation



Cognitive Activities

- Transfer knowledge/training to new situations
- Develop an action plan

After reviewing your reasons for not taking precautions and what you have learned about managing money, what would you do differently if you could purchase the item again?

**ASSIGNMENT
SHEET 3**

SPENDING MONEY

3

Name _____ Score _____

OBJECTIVE 7

Analyze purchasing decisions.

INTRODUCTION

Buying is always a matter of making choices. Choices must be made between wants and needs, between one product and another of the same type, between two entirely different kinds of products, or between spending your money now or saving it. Do you consider the choices available to you as a consumer?

INSTRUCTIONS



Reading Comprehension

- Analyze cause and effect
- Draw conclusions



Language

- State ideas clearly



Functional Math

- Solve practical problems

Answer the following questions.

1. List a major purchase (over \$50) you made in the past six months or a purchase someone made for you.

2. Why did you buy the item? _____

3. Was it a "need" or a "want"? _____

How do you know? _____

4. What made you want to buy the item? List as many reasons as you can remember, starting with the most important.

5. List five other things you could have bought with the same money.

6. How much money can you earn in an hour? _____

How many hours would you have to work to earn the money to pay for one of the items you would like to buy?

7. If a relative suddenly gave you \$2,500, how would you spend it? Make a shopping list in the blanks that follow, and indicate on the line to the right of each item whether it is something you want or something you need.

Item	Want or Need	Cost
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Name _____ Score _____

OBJECTIVE 13

Evaluate advertising.

INTRODUCTION

Using advertising correctly is a consumer challenge. Advertising is all around us—on billboards and signs; in newspapers, magazines, and circulars; and on radio and television. Through advertising, information is relayed from manufacturers to consumers. On the other hand, advertisements tempt us to buy in many ways. Some appeal to emotions—the need for love or acceptance by others. People often plan their shopping based on advertisements.

Many commercials tell consumers that they have a “problem” which can be solved only by the use of their product. For example, if your problem is that your dishes are dirty even after you wash them, then what you need is Brand X detergent. Not only will your dishes be clean, but you will have lots of friends and romance.

INSTRUCTIONS



Reading Comprehension

- Distinguish fact, opinion and inference
 - Recognize propaganda
 - Analyze cause and effect
 - Draw conclusions
- Research and Reference
- Use magazines and newspapers



Language

- State ideas clearly
- Research
- Take notes



Oral Presentation

- Select/use words effectively
- Integrate audio and/or visual materials into oral presentations

Part 1

Choose an advertisement from a newspaper or magazine.

1. What is the product being advertised? _____

Briefly, describe the advertisement. _____

2. What is the problem that the advertisement says you have?

3. How will the product help solve the problem?



Teamwork/Cooperative

- Generate ideas



Cognitive Activities

- Collect/record information
- Identify critical elements/issues
- Identify/develop alternatives

4. How does the advertisement say, or suggest, that in addition to solving your problem, you will get extra benefits from using the product?

If so, what are they? _____

Part 2

1. Watch TV for one hour, keeping track of the commercials.

How many ads were run in one hour? _____

What audience were the advertisements directed toward?

How much time did they take? _____

Were any commercials for products that are harmful to people?

If so, what were they? _____

2. In class, work with a group of other students and compare your answers on the first question. Find the average number of commercials per hour and the number of minutes used. Record your findings below.

Part 3

1. When the advertising team put together their TV commercial, they helped to make it appealing by choosing elements (words, images, music) that would be attractive to our eyes and ears. Choose a very effective TV commercial and decide what was done to make the advertisement attractive.

2. All admakers must consider the same areas, but, obviously, the elements that work for a TV or magazine ad cannot be used as well in a radio ad and vice versa. On which elements does a magazine ad rely?

A radio ad? _____

3. Find a magazine ad that you consider very effective.

Describe the elements that make it appealing. _____

4. Now rework the ad so you can present it in front of the class as a 30-second radio commercial. (You may want to use music or sound effects for your presentation.) Remember, the ideas communicated through color and pictures must now be conveyed through sound. Write what you will say below:

Part 4

Advertisers have not forgotten that many consumers are children, and they aim millions of dollars of advertising toward this audience. Since a lot of children cannot read, most advertising aimed toward them appears as television commercials on Saturday mornings. Using this sheet to keep a record, watch TV for an hour on Saturday morning.

Read this questionnaire before you start.

1. How many ads did you see in one hour? _____
2. How much time was taken by commercials? _____
3. List the products that were advertised. _____

4. What kinds of products were advertised most often? _____

5. What appeals were used most often? _____

6. Describe one commercial in detail, include in your description the product advertised and the appeals used in the ad. Also describe how the ad looked and sounded. Do you think it was a successful ad? Why?

7. What effect do you feel that advertising has on children?

Part 5

Advertisements should be studied from two points of view: (1) for information about the product and (2) for deceptive or misleading statements. Use the checksheet below to analyze an advertisement of your choice. Attach the advertisement or its description to this page.

1. Do you need the product being advertised?

2. What does the product contain and how is it made?

3. Is the product needed or helpful?

4. How economical is the product?

5. How long will the product last?

6. How does its price compare with the prices of similar products?

7. Does the product carry any verification of its quality or any evidence of quality tests?
-
-
8. What proof is used to back up the statements?
-
-
9. Are any service or maintenance problems mentioned?
-
-
10. Are any of the advertising statements deceptive or misleading?
-
-
11. Does the advertisement appeal to your intelligence or your emotions?
-
-
12. Does the advertisement make you feel confident that if you buy the product you will be satisfied?
-
-
13. Would you buy this product? ____ Yes ____ No
- Why? _____
-
-

Name _____ Score _____

OBJECTIVE 1

Match terms related to consumer spending to their correct definitions. Write the correct letters in the blanks.

- | | |
|------------------------|---------------------|
| A. decision-making | K. rational appeal |
| B. consumer activities | L. emotional appeal |
| C. short-term goals | M. swindle |
| D. long-range goals | N. brand |
| E. wants | O. grades |
| F. resources | P. warranty |
| G. alternatives | Q. advertising |
| H. contract | R. label |
| I. fraud | S. standards |
| J. comparison shopping | |

- _____ 1. Advertising that uses attitudes and excites people to buy impulsively
- _____ 2. Spending, borrowing, saving, and investing
- _____ 3. Any of two or more ideas from which a choice must be made
- _____ 4. Objectives that may not be reached for years
- _____ 5. Considering choices and deciding on the best one
- _____ 6. Securing information from several sources about quality, features, services, and cost of a product before purchase
- _____ 7. Legal agreement between two or more parties; enforceable by law
- _____ 8. Objectives that are set for the near future
- _____ 9. Something that is said or done to deceive, trick, or cheat a consumer
- _____ 10. Ways to obtain needs and wants

May be photocopied for student use.

- _____ 11. Advertising that centers on logic by providing basic facts and information
- _____ 12. Desires, *not* necessities
- _____ 13. Obtain money or property from consumers under false pretenses
- _____ 14. Standards of quality
- _____ 15. Presenting products and services favorably to consumers to promote sales
- _____ 16. Rules for measure of quantity, weight, extent, value, or quality
- _____ 17. Provides information about a product
- _____ 18. Manufacturer's name on a product; promotes recognition and repeat sales
- _____ 19. Assurance by the seller that the goods or services are as promised

OBJECTIVE 2

Select from a list factors that affect consumer spending. Write an "X" in the blank before each correct answer.

- _____ A. Family situation
- _____ B. Peer influence
- _____ C. Credit
- _____ D. Advertising
- _____ E. Attitudes about the future
- _____ F. Values
- _____ G. Prices

OBJECTIVE 3

Evaluated on Assignment Sheet 1.

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119

OBJECTIVE 4

Discuss factors to consider before making a purchase. Include three specific factors.

- _____
- _____
- _____

OBJECTIVE 5

Evaluated on Assignment Sheet 2.

OBJECTIVE 6

Arrange in order steps in the decision-making process. Write a "1" by the first step, a "2" in the second step, etc.

- _____ A. Make a decision.
- _____ B. Consider resources.
- _____ C. Act on the decision.
- _____ D. State or define the problem; know what decisions must be made.
- _____ E. Evaluate the results.
- _____ F. Relate the problem to personal goals and values.
- _____ G. Consider alternatives.
- _____ H. Get the facts.

OBJECTIVE 7

Evaluated on Assignment Sheet 3.

OBJECTIVE 8

State guidelines for purchasing food. List eight.

- _____
- _____
- _____
- _____

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120

OBJECTIVE 9

State guidelines for saving money on transportation. List six.

- _____
- _____
- _____
- _____

OBJECTIVE 10

State guidelines for purchasing clothing. List eight.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

121

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OBJECTIVE 11

State guidelines for purchasing furniture and small appliance.
List five.

- _____
- _____
- _____
- _____
- _____

OBJECTIVE 12

Discuss the ways consumers benefit from product advertising.
Include three specific ways.

- _____
- _____
- _____

OBJECTIVE 13

Evaluated on Assignment Sheet 4.

OBJECTIVE 14

State guidelines for selecting a quality product. List five.

- _____
- _____
- _____
- _____
- _____

OBJECTIVE 15

State types of shopping sources. List five.

- _____
- _____
- _____
- _____
- _____

May be photocopied for student use.

123

ANSWERS

SPENDING MONEY

ASSIGNMENT
SHEETS

OBJECTIVE 3

Assignment Sheet 1

Evaluated to the satisfaction of the instructor

OBJECTIVE 5

Assignment Sheet 2

Evaluated to the satisfaction of the instructor

OBJECTIVE 7

Assignment Sheet 3

Evaluated to the satisfaction of the instructor

OBJECTIVE 13

Assignment Sheet 4

Evaluated to the satisfaction of the instructor

WRITTEN
TEST

OBJECTIVE 1

- | | | |
|------|-------|-------|
| 1. L | 8. C | 15. Q |
| 2. B | 9. I | 16. S |
| 3. G | 10. F | 17. R |
| 4. D | 11. K | 18. N |
| 5. A | 12. E | 19. P |
| 6. J | 13. M | |
| 7. H | 14. O | |

OBJECTIVE 2

A, B, C, D, E, F, G

OBJECTIVE 3

Evaluated on Assignment Sheet 1.

OBJECTIVE 4

Answers should include any three of the following:

- Do I really need it? If so, why?
- Is it worth the cost in terms of my effort to earn the money?
- Do I have a better use for the money?
- Am I buying it to imitate others? To show off? To make someone envious? To make myself feel important?
- If I must buy on credit, is it worth the extra money spent on interest payments?

OBJECTIVE 5

Evaluated on Assignment Sheet 2.

OBJECTIVE 6

A. 6	D. 1	G. 5
B. 4	E. 8	H. 3
C. 7	F. 2	

OBJECTIVE 7

Evaluated on Assignment Sheet 3.

OBJECTIVE 8

Answers should include any eight of the following:

- Plan your shopping around weekly and seasonal specials.
- Check unit pricing.
- Consider buying in larger quantities.
- Compare cost and time factors of convenience foods and disposable products to making dishes from "scratch" and purchasing reusable items.
- Learn what grades of food mean.
- Compare nationally advertised brands to "house" brands.
- Watch for coupons in newspapers, magazines, and in the mail.
- Purchase foods in season.
- Read labels.
- Make your own convenience foods.
- Buy larger sized eggs only if they are not priced more than 7¢ above the next smaller sized eggs.
- Use tenderizing processes and methods of cooking to take advantage of less expensive cuts of meats.
- Make a shopping list, and stick to it to avoid impulse buying.
- Do not shop when you are hungry.

OBJECTIVE 9

Answers should include any six of the following:

- Use self-service gasoline pumps.
- Practice good driving habits.
- Form a carpool.
- When buying a car, choose a more economical model.
- Walk when possible.
- Use public transportation when possible.
- Lock the car to prevent theft.
- Check the car regularly before minor repairs become major repairs.
- Schedule events and organize trips to be more efficient.

OBJECTIVE 10

Answers should include any eight of the following:

- Shop around to compare prices and quality.
- Determine how much you can afford for the item you want.
- Match quality with use.
- Shop at discount and outlet stores for name brands.
- Coordinate clothes.
- Avoid fads.
- Get a good fit.
- Watch for sales; buy out of season.
- Try clothes on before buying them.
- Check on return policies.
- Buy recreational and special occasion clothing according to use.

OBJECTIVE 11

Answers should include any five of the following:

- Take paint, fabric samples, and measurements with you when shopping.
- Consider buying multipurpose furniture.
- Watch classified ads for bargains on used furniture.
- Consider buying unfinished furniture you can finish yourself.
- Watch for sales on new furniture.
- Buy small appliances only if you will use them at least four times a year.
- Save sales slips, labels, and warranties.

OBJECTIVE 12

Answers should include the following:

- May provide educational value
- Provides product information
- Explains the benefits of the goods or services

OBJECTIVE 13

Evaluated on Assignment Sheet 4.

OBJECTIVE 14

- Meets advertising claims
- Meets accepted standards for type of product
- Carries label furnishing needed information
- Carries a warranty
- Made by a reputable manufacturer

OBJECTIVE 15

Answers should contain any five of the following:

- Retail stores
- Nonstore retailers
- Cooperatives
- Rent-to-own stores
- Resale stores
- Wholesale warehouses
- Malls
- Flea markets
- Pawn shops
- Garage or yard sales
- Television
- Catalogs

**OBJECTIVE
SHEET****PROTECTING THE CONSUMER****4****INTRODUCTION**

One of the ways in which you can save money is to be a well-informed consumer. Knowing the signs of fraud will help you avoid being misled, and knowing the actions to take if you are deceived will help you and all other consumers.

**UNIT
OBJECTIVE**

After completing this unit, the student will show the following competencies by mastering the activities on the Assignment Sheets and by scoring at least 85% on the Written Test.

**SPECIFIC
OBJECTIVES**

1. Match terms associated with consumer protection to their correct definitions.
2. State situations that may signal consumer fraud.
3. Match types of consumer fraud to their correct descriptions.
4. State types of consumer protection.
5. Select from a list responsibilities of an informed consumer.
6. Evaluate a warranty. (Assignment Sheet 1)
7. Evaluate a label. (Assignment Sheet 2)
8. Arrange in order the steps in making a consumer complaint.
9. Match specific consumer problems to the agencies which handle such problems. (Assignment Sheet 3)
10. Select from a list guidelines for writing a letter of redress.
11. Evaluate a letter of redress. (Assignment Sheet 4)
12. Write a letter of redress. (Assignment Sheet 5)
13. Match federal consumer protection laws to their correct descriptions.
14. Select from a list information that is required on a written contract.

15. Discuss precautions to take concerning the use of contracts.
16. Explain how a contract may become invalid.
17. Interpret a written contract. (Assignment Sheet 6)

**SUGGESTED
ACTIVITIES****PROTECTING THE CONSUMER****4****PREPARATION**

- Review the unit and plan your presentation.
- Determine the scope and sequence of objectives you add. Design and develop support materials, including evaluation techniques for additional objectives.
- Review the teaching suggestions, and plan classroom activities.
- Determine how you will schedule time for students to demonstrate competence in the required procedures.
- Order materials to supplement the unit.
- Order videos.
- Invite guest speakers.

NOTE: Please provide the guest speaker with the specific topic relevant to the unit of instruction ahead of time. You may want to supply the Objective Sheet, Information Sheet, and any other components you want the speaker to cover. Confirm the scheduled appearance two to three days prior to the presentation.

DELIVERY**Objective 1: Match terms associated with consumer protection to their correct definitions.**

- Ask the students if they have ever bought a product or service that did not work properly, did not last as long as it should have, or had something wrong with it. Ask them to explain what happened and what they did about it.
- Ask the students if they have ever bought an item they did not want or need because a salesperson was especially persuasive. Have them relate the situation to the class. Discuss how they could have avoided buying the unwanted or unneeded item.
- Explain that the purpose of this unit is to help the students become more effective in avoiding and handling consumer problems.

150

- Use Information Sheet, objective 1 to discuss the terms and definitions related to consumer protection.

Objective 2: State situations that may signal consumer fraud.

- Use Information Sheet, objective 2 to situations that may signal consumer fraud.
- Ask the students to relate situations in which they felt they needed consumer protection. (You might ask especially about experiences with door-to-door salespersons.)

Objective 3: Match types of consumer fraud to their correct descriptions.

- Use Information Sheet, objective 3 to discuss types of consumer fraud.
- Ask the students to give personal experiences they have had with various types of consumer fraud.
- Have the students collect and post related news stories.

Objective 4: State types of consumer protection.

- Use Information Sheet, objective 4 to discuss types of consumer protection.
- Have the students examine several issues of *Consumer's Research* and *Consumer Reports*. Have them take notes on the types of information they find and report to the class why these magazines are useful.
- Have the students bring to class samples of items with seals of approval from *Good Housekeeping* and from Underwriters Laboratory Inc.; ask them what these seals of approval tell them about these products.
- Have a representative from the Chamber of Commerce, district attorney's office, police department, or the Better Business Bureau explain his or her role in protecting and warning local citizens about improper sales techniques.
- Use the Handout to help the students differentiate between situations that can be handled in small-claims court and those for which legal counsel is recommended.

- Take a field trip to observe small-claims court in session.

Objective 5: Select from a list responsibilities of an informed consumer.

- Use Information Sheet, objective 5 to discuss consumer responsibilities before, at the time of, and after making a purchase.

Objective 6: Evaluate a warranty. (Assignment Sheet 1)

- Have students complete Assignment Sheet 1.

Objective 7: Evaluate a label. (Assignment Sheet 2)

- Have students complete Assignment Sheet 2.

Objective 8: Arrange in order the steps in making a consumer complaint.

- Use Information Sheet, objective 8 to discuss the sequence of ways that consumers can report faulty products or services.
- Have a local merchant explain to the class how his or her store handles customer complaints.
- Have a local manufacturing representative discuss how his or her company handles complaints.
- Have an attorney discuss when a consumer needs the expert advice of an attorney during the complaint process.

Objective 9: Match specific consumer problems to the agencies which handle such problems. (Assignment Sheet 3)

- Have students complete Assignment Sheet 3.

Objective 10: Select from a list guidelines for writing a letter of redress.

- Use Information Sheet, objective 10 to cover the guidelines for writing a letter of redress.

Objective 11: Evaluate a letter of redress. (Assignment Sheet 4)

- Have students complete Assignment Sheet 4.

Objective 12: Write a letter of redress. (Assignment Sheet 5)

- Have students complete Assignment Sheet 5.

Objective 13: Match federal consumer protection laws to their correct descriptions.

- Use Information Sheet, objective 13 to discuss federal consumer protection laws.
- Have a credit bureau representative discuss with the class the Fair Credit Reporting Act and the procedure and consequences of bankruptcy.
- Discuss why these federal laws were enacted. Do the students feel additional legislation is needed? Do the students feel that enforcement of current legislation is adequate?

Objective 14: Select from a list information that is required on a written contract.

- Use Information Sheet, objective 14 to discuss the information required on a written contract.
- Bring samples of contracts to class for the students to examine; have them locate the required information.

Objective 15: Discuss precautions to take concerning the use of contracts.

- Use Information Sheet, objective 15 to discuss precautions to take concerning the use of contracts.

Objective 16: Explain how a contract may become invalid.

- Use Information Sheet, objective 16 to discuss ways a contract becomes invalid.

Objective 17: Interpret a written contract. (Assignment Sheet 6)

- Have students complete Assignment Sheet 6.

EVALUATION

Pretest

- Give the Written Test as a pretest.

- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in the unit or create supplementary materials for individual students as required.

Skill Test

- Evaluate students on Assignment Sheet activities if not previously done.
- Reteach and reevaluate if necessary.
- Modify materials in the unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the Written Test actions listed in the specific objectives.
- Give the Written Test.

☑ NOTE: The Written Test may be given in sections if desired.

- Reteach and retest if necessary.
- Review individual and group performance in order to evaluate teaching methods. Adjust the scope, sequence, or instructional approaches for additional lessons as required.

SUGGESTED RESOURCES

Print Media

- Campbell, Sally R. *The Confident Consumer*. South Holland, IL: Goodheart-Willcox Company, Inc., 1990.
- *Consumer Information Catalog*. Washington, D.C. White House Office of the Special Assistant for Consumer Affairs, 1994. Available from Consumer Information Center, P.O. Box 100, Pueblo, CO 81009. (719-948-4000).

- Maedke, Wilmer O. *Consumer Education*. Blacklick, OH: Glencoe Publishing Company, Inc., 1990.

NOTE: This handbook contains information on how to be an educated consumer; it provides many helpful tips on various aspects of being a wise consumer; and it provides an extensive directory of consumer assistance agencies, including addresses and phone numbers.

- Roark, Jennifer. *Foundations for Living II*. Stillwater, OK: Oklahoma Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1991.
- Schmitt, Lois. *Smart Spending: A Young Consumer's Guide*. New York, NY: Scribner, 1989.

OBJECTIVE 1

Match terms associated with consumer protection to their correct definitions.

- **annual percentage rate** — actual rate of interest figured on a yearly rate
- **arbitration** — binding settlement of a dispute by a person or persons chosen to hear both sides and come to a decision
- **bankruptcy** — legal proceeding that declares a person unable to meet financial obligations and divides the person's assets among creditors

NOTE: Bankruptcy is a form of consumer protection, but it should always be the last attempt to save oneself from the crushing weight of unpaid bills. Many times these bills are for purchases that one could have done without. Individuals file the largest percentages of bankruptcies.

- **class action** — legal action taken by one or more plaintiffs for themselves and all other persons who have suffered from the same situation
- **contract** — binding agreement between two or more persons

NOTE: In most cases, contracts are legal documents.

- **defendant** — person charged in legal action
- **endorsement** — statement of approval for a person or product as in an advertisement
- **fraud** — false representation that leads to deception of the consumer
- **plaintiff** — suing party
- **redress** — compensation for a wrong or loss

- **small-claims court** — court that simplifies and speeds up the handling of minor cases

NOTE: In small-claims court, people act as their own attorneys, the proceedings are informal, and the expense to obtain justice in minor civil cases is relatively small.

- **warranty** — written guarantee of a product's quality and operation and of the maker's responsibility for replacing or repairing defective parts

NOTE: *Express warranties* are assurances of quality or promises of performance by the seller. *Implied warranties* are obligations imposed by law. For example, the buyer has a right to expect that the article purchased will serve the purpose for which it is advertised. It is necessary in most instances to send a card to the manufacturer soon after purchase so that the warranty will be honored at a later date.

OBJECTIVE 2

State situations that may signal consumer fraud.

- You appear to be getting something for nothing.
- You appear to have been specially selected.
- You are promised high earnings without work experience.
- You are being pressured to decide right away.

EXAMPLE: Salespersons state that they are not allowed to call back later or only a few items are left.

- Your home appears to have been selected to be a model demonstration unit.

OBJECTIVE 3

Match types of consumer fraud to their correct descriptions.

- **Bait and switch** — The consumer intends to buy an item that was advertised at a low price; but the seller, hoping to sell a more expensive item, downgrades the advertised item or indicates that the product is sold out.

- **Door-to-door fraud** — Salespersons come to homes to sell items like roofing, siding, lightning rods, paint, or magazines

NOTE: Salespersons may appear at your door posing as inspectors or saying they were in the neighborhood and happened to notice that your roof is in need of repair. They will offer proof that you need their product and pressure you to immediately sign a contract which usually requires a down payment or deposit. The verbal guarantees and promises will not be written in the contract. If you sign the contract, a worker may start the job and then disappear later, or you may find the materials are of inferior quality. Always do business with an established business with a good reputation. Always get competitive bids on repair or fix-up jobs.

- **Contest winner of free goods** — Consumers are informed that they have "won" a prize although other conditions exist for receiving the prize.

EXAMPLE: Consumer must purchase additional goods in order to receive the prize.

- **False claim about features or consequences** — Promises are made that are not true.

EXAMPLE: Advertisements may unjustly claim that graduates of proprietary schools will earn high salaries.

- **False testimonial, endorsement, or certification** — Companies falsely state or imply that products are endorsed or approved.

EXAMPLE: Companies state that products won prizes or awards, thus implying that such awards are made on the basis of comparison with competing products. False claims that products are used by a famous person are made.

- **Unordered merchandise** — Products are mailed to an individual without request or consent and are followed by a letter demanding payment.

EXAMPLE: A charitable organization soliciting contributions may mail "free" samples or products.

NOTE: An individual is not obligated to return or pay for unordered products.

- **Referral sales approach** — A salesperson uses the names of friends of the customers to influence a decision to buy.

NOTE: In many cases a referral sales approach is used by door-to-door salespeople. Federal law provides for a three-day period during which consumers can change their minds about a purchase and get a refund.
- **Earn-money-at-home fraud** — Offers are made for persons to increase their income without leaving their homes.

CAUTION: If a person is required to buy anything to qualify for work, be suspicious.
- **Telephone fraud** — Salespersons offer great savings on products by buying sight unseen or convince consumer that someone at that number has ordered the product.

OBJECTIVE 4

State types of consumer protection.

- Knowledge of consumer rights

NOTE: Consumer rights include the right to be informed, right to safety, right to choose, right to be heard, right to consumer education, right to a decent environment, and the right to reasonable redress.

- Federal, state, and local laws
- Federal consumer agencies

EXAMPLE: Consumer Protection Agency, Department of Agriculture, Civil Aeronautics Board (CAB), Department of Commerce, Consumer Product Safety Commission (CPSC), Environmental Protection Agency (EPA), Federal Trade Commission (FTC), U.S. Government Printing Office (publications of interest to consumers are listed in the free pamphlet "Consumer Information"), Food and Drug Administration (FDA), Office of Consumer Affairs (OCA)

- State and local consumer agencies

NOTE: City and county health, welfare, fire, and police departments may assist with consumer problems. Local newspapers often give information as to where consumers can get help. The Department of Consumer Credit, 4545 N. Lincoln Blvd., Ste. 104, Oklahoma City, OK 73105 will also assist consumers.

- Private sources

EXAMPLE: Consumers Federation of America (CFA), Consumers' Research, Inc. (publishes *Consumers' Research* magazine), Consumers Union of the United States, Inc. (publishes *Consumer Reports*)

- Professional associations

EXAMPLE: American Dental Association, American Home Economics Association, American Medical Association

- Consumer-action panels

NOTE: Consumer-action panels are formed by trade associations and are made up of members who are knowledgeable about consumer affairs.

- Seals of approval

EXAMPLE: *Good Housekeeping*, Underwriters Laboratory Inc.

- Better Business Bureaus

- Citizens' organizations

NOTE: Citizens' organizations support consumer needs through the use of power strategies such as refusing to purchase a product from a retailer.

- Small-claims court

- Arbitration services

NOTE: Arbitration services provide a voluntary means of settling complaints by appointing an impartial person or panel to listen to both sides before reaching a decision that is binding on both sides.

- Legal counsel

- Bankruptcy

OBJECTIVE 5

Select from a list responsibilities of an informed consumer.

- Before you buy:
 - ☐ Determine your needs and wants.
 - ☐ Read advertisements and other consumer information to get the facts.
 - ☐ Compare quality and prices of different brands.
 - ☐ Compare product quality, prices, and services of different stores.
 - ☐ Check for the best time of year to buy certain products.
 - ☐ Watch for sales and specials on the products you use.
- When you buy:
 - ☐ Deal only with a business or individual who has a good reputation for service.
 - ☐ Make sure the price is what you are willing and able to pay.
 - ☐ Make sure the product is exactly what you need and want.
 - ☐ Beware of salespeople who try to sell you more than you need or want.
 - ☐ Compare credit costs.
 - ☐ Check guarantees and warranties for repair and replacement information.
 - ☐ Read all contracts before signing, and know all the facts.
- After you buy:
 - ☐ Date and file each warranty, contract, instruction booklet, and warning label.
 - ☐ Use products properly according to the instructions and safety warnings.

- Return the product to the store where it was purchased if you are not satisfied.

NOTE: It may be necessary to send products back to the manufacturer.

OBJECTIVE 6

Complete Assignment Sheet 1.

OBJECTIVE 7

Complete Assignment Sheet 2.

OBJECTIVE 8

Arrange in order the steps in making a consumer complaint.

1. Return to the place where you purchased the item or service and explain your problem in a factual manner.

NOTE: Most reputable stores, agencies, and service providers will try to help you.

2. Write to the manufacturer if the store is unable or unwilling to help you.

NOTE: Most libraries have references with the addresses of large manufacturers. Address your letter to the service department, a particular official if you can find the name of one, or to the president of the company.

3. Report your action to the correct agency if the manufacturer is not helpful.

NOTE: Contact the Federal Information Center nearest you when you have questions about any program or agency of the federal government.

EXAMPLES:

AGENCY	COMPLAINTS HANDLED
City and county consumer protection agencies	Fraud, sales deception, false advertising, other shopping complaints
State attorney general	As above, plus complaints concerned with possible criminal gyps and frauds. Also, violation of state credit regulations
Consumer action lines EXAMPLE: Newspapers, toll-free numbers NOTE: The directory assistance number for toll-free numbers is 1-800-555-1212.	Any consumer complaint
Local office of Food and Drug Administration (check the phone book under U.S. Government)	Adulterated food, drugs, cosmetics; mislabeling of same
Regional office of Federal Trade Commission; or FTC, Sixth and Pennsylvania Ave., NW, Washington, DC 20580	Deceptive business practices, misleading or fraudulent ads involving interstate companies; illegal credit practices; misleading fabric care and content labeling
Regional National Highway Traffic Safety Administration, Office of Public Affairs and Consumer Services	Safety problems with cars, tires, motorcycles, children's car seats
Consumer Affairs Office, U.S. Postal Service, 475 L'Enfant Plaza West, SW, Washington, DC 20260	Postal service complaints such as rude clerks, long service lines, and lost or damaged packages
Office of Secretary of Transportation, Room 10405, 400 Seventh St., SW, Washington, DC 20590	Problems involving air travel and shipments (domestic and international)
Regional Consumer Product Safety Commission Office	Any type of problem which will either be handled directly or referred to the proper agency

AGENCY	COMPLAINTS HANDLED
Consumer Product Safety Commission, Office of the Secretary, Washington, DC 20207	Unsafe products, including household appliances, housewares, dangerous packaging, garden tools, textile items, toys; 24-hour hotline available for serious complaints: continental U.S., except MD: 1-800-638-2666; MD: 1-800-492-2937
Council of Better Business Bureaus, 4200 Wilson Blvd., Arlington, VA 22203	Misleading business practices, fraudulent ads of national companies, and other types of deception; also national fundraising gyms
Local Better Business Bureau	Same as above but involving local business complaints
Major Appliance Consumer Action Panel, 20 N. Wacker Dr., Chicago, IL 60606	Problems with major appliances and repairs if dealer or manufacturer is not responsive

4. Seek legal advice if necessary.

EXAMPLE: Private attorney; legal aid; small claims court; city, county, or state prosecutor

OBJECTIVE 9

Complete Assignment Sheet 3.

OBJECTIVE 10

Select from a list guidelines for writing a letter of redress.

- Write the company a letter as soon as you know a problem exists.
- Direct your complaint to the right person at the right office.
- Include specific facts about the product or service that is not satisfactory.
- Let the company know what action you want such as a repair, replacement, or refund.

NOTE: Threats and sarcasm are meaningless. You are more likely to get a favorable response if the request is reasonable.

- Keep a copy of the letter, and record the dates and names of the persons contacted.

NOTE: Keep a written record of phone calls.

- Be persistent.

NOTE: If you do not get the desired results, write a second letter or even a third letter.

OBJECTIVE 11

Complete Assignment Sheet 4.

OBJECTIVE 12

Complete Assignment Sheet 5.

OBJECTIVE 13

Match federal consumer protection laws to their correct descriptions.

- **Consumer Credit Protection Act (Truth in Lending)** — Lets the consumers know exactly what the credit charges are on purchases and loans; credit cost must be stated both in dollars and cents and as an annual percentage rate
- **Fair Packaging and Labeling Act (Truth in Packaging)** — Requires that certain facts such as the net content, size of a serving, and list of the ingredients in order of decreasing weights be made known to the consumer

NOTE: This law helps consumers compare prices of products.

- **Food, Drug, and Cosmetic Act** — Assures the consumers of the safety, purity, and wholesomeness of food; safety and effectiveness of drugs, and the safety of cosmetics
- **Automobile Information Disclosure Act** — Requires that the manufacturers label each new car, listing its suggested retail price, the price of any extras, and the total price

NOTE: This law helps consumers compare new automobile prices.

- **Child Protection and Toy Safety Act** — Protects children from dangerous goods, including dangerous toys; this law bans the shipment and sale of such dangerous items from state to state
- **Federal Hazardous Substance Labeling Act** — Requires that labels list such things as precautions for use and first-aid procedures in case of accidents
- **Textile Fiber Products Identification Act** — Requires labels on textiles to list fiber content by weight and manufacturer's name and address

NOTE: This law helps consumers compare textiles and fabrics.

- **Fair Credit Reporting Act** — Enables consumers to check information about themselves kept on file by a credit bureau; consumers may ask a credit bureau for the source of the information in their file and the names of those who have been given a credit report on the consumer within the past six months
- **Warranty-Federal Trade Commission Improvement Act** — Sets minimum standards for written warranties and states provisions for class-action suits if a warranty is not fulfilled

NOTE: State and local legislation for consumer protection varies widely across the country. Standards for companies and institutions are usually regulated by the corporation commission or attorney general's office.

EXAMPLE: Policies on insurance, education, trade practices, sanitation practices, food standards, and safety

OBJECTIVE 14

Select from a list information that is required on a written contract.

NOTE: Two types of contracts are made, oral and written. A contract should be written instead of oral to avoid any chance for misunderstanding or disagreement between the parties or when a written contract is required by law.

- Date and place of the agreement
- Names and identification of the parties entering into the agreement

OBJECTIVE 15

- Statement of agreement covered by the contract
- Statement of money, services, or goods given in the agreement
- Signatures of both parties or of the legal agents
- Signatures of witnesses when required by law

Discuss precautions to take concerning the use of contracts.

- Read the entire contract before you sign.

NOTE: Take the contract home to read it thoroughly or ask an attorney for advice.

- Ask for explanations of parts you do not understand.
- Make sure the contract states all of the conditions and promises as you understand them.
- Do not accept your copy without the signature of the other party on the contract.
- Keep your copy of the contract in a safe place.
- Never sign a contract with blank lines.
- Initial any changes you make on the contract, and have the other party do the same.
- Note any payments made at the time the contract is entered into on the contract, or obtain a separate dated receipt.

OBJECTIVE 16

Explain how a contract may become invalid.

- if fraud exists in the form of misrepresentation or concealment of vital facts
- if a person makes an agreement as a result of a threat or the use of violence
- if unnecessary and unfair influence and pressure has been used to the extent that one person has not reached the agreement through his or her own judgment

- if a mistake exists, such as the nature of the agreement, the identity of a party, the possibility of performance, or the identity of the subject matter

OBJECTIVE 17

Complete Assignment Sheet 6.

Part 1 — Characteristics of small-claims court

- Provides settlement for cases that involve small amounts of money
- Requires no attorney
- Offers the opportunity to settle a legal dispute at a relatively small fee
- Offers an informal atmosphere
- Provides settlement of a case usually within a few weeks

Part 2 — Situations for which legal counsel is recommended

- Entering into a contract for the sale or purchase of real estate
- Entering into a sales contract involving a large sum of money
- Carrying out adoption proceedings
- Appearing in court as the plaintiff or defendant
- Filing income tax returns if there is any possibility the return will be questioned or if there are nonstandard deductions involved

NOTE: Either an accountant or an attorney can perform this service.

- Bringing charges or accusations against another person or defending charges brought against you
- Drawing up wills, settling estates, or setting up trusts
- Entering into or setting up any type of business

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**ASSIGNMENT
SHEET 1**

PROTECTING THE CONSUMER

4

Name _____ Score _____

OBJECTIVE 6

Evaluate a warranty.

INTRODUCTION

Warranties provide product information and should be carefully compared when buying goods and services. Most warranties are in effect for a specified amount of time. After this period, the manufacturer or seller has no obligation to the buyer. Often, proof of purchase must be given to receive the warranty service. To make the best use of a product warranty, read it carefully to determine what is covered.

INSTRUCTIONS



Reading Comprehension

- Draw conclusions
- React to written material

Functional Reading

- Follow written instructions
- Use content area vocabulary



Language

- State ideas clearly



Cognitive Activities

- Collect/record information
- Identify critical elements/issues
- Draw conclusions

Part 1

Use the following case study to evaluate a warranty. Answer the questions in the space provided.

Case study

Tildy Wills bought a small tape recorder. She kept the warranty and wrote all the information requested.

Five months later the tape recorder broke. No sound would come from the speaker. Tildy read the warranty and found that it covered the tape recorder for twelve months.

Tildy took the recorder back to the store where she bought it. The store clerk told her that the recorder had to be sent back to the company with postage prepaid by the customer and in the original box. The clerk showed Tildy that this information was printed on the box and not on the warranty card.

1. a. Who do you feel is responsible for fixing the tape recorder?

- b. Why do you feel this way? _____

2. a. Do you think that printing part of the warranty information on the box is fair?

- b. Why do you feel this way?

3. a. If you were Tildy, would you still have the original box after five months?

- b. Do you think the company's wanting the product shipped back in the original box is fair?

- c. Why? _____

4. a. If you were Tildy, would you buy another product made by this company?

- b. Why? _____

Part 2

A limited warranty must clearly state what it does and does not cover. It must also tell where and how to get the service guaranteed under the warranty. Evaluate the warranty printed below to decide if it includes all the necessary information.

Sanasonic Company, MNH, or SSC will repair and exchange parts for this tape recorder free of charge in the U.S.A. and Puerto Rico in the event of a manufacturing defect as follows:

PARTS. New or comparable rebuilt parts in exchange for defective parts for one (1) year after original purchase.

BATTERIES. (For battery-operated tape recorders.) New batteries in exchange for original batteries which fail to operate within ten (10) days after original purchase.

LABOR. Carry-in service for ninety (90) days after original purchase.

SERVICE. Carry-in service can be obtained during the labor warranty period by bringing your unit to any Sanasonic Servicenter nearest your home; refer to the Sanasonic Servicenter directory enclosed with your tape recorder.

PARTS EXCHANGE. After your labor warranty period is over, any defective part can be exchanged under the parts warranty by bringing it to any Sanasonic Servicenter. Labor for removal and installation is available at your expense.

A purchase receipt or other proof of date of original consumer purchase will be required before warranty performance is rendered.

This warranty covers normal consumer use and does not cover damage which occurs in shipment or failure which results from alteration, accident, misuse, abuse, neglect, installation, improper maintenance, or commercial use.

This warranty gives you specific legal rights, and you may also have other rights which vary from state to state.

If a problem with this Sanasonic tape recorder develops during or after the warranty period, first contact your Sanasonic dealer or Sanasonic Servicenter. If the problem is not handled to your satisfaction, then write to the Sanasonic Consumer Affairs Division, PO Box X, Lostville, OK 72101.

After you have read the warranty, write the answers to the questions below.

1. a. How long are parts covered under this warranty?

- b. What could you do about a part that breaks after the labor warranty period ends?

2. a. How long are the batteries covered? _____

b. Which do you think would normally wear out first, parts or batteries?

c. If the warranty included only parts or batteries, which would you want to be sure to have covered?

Why? _____

3. a. How long is labor covered under this warranty?

b. What do you think "carry-in service" means? _____

c. What would you do if you were too far away for carry-in service?

4. This warranty does not cover certain kinds of damage. Describe something that could happen to the tape recorder that would not be covered by the warranty.

ASSIGNMENT SHEET 2

PROTECTING THE CONSUMER

4

Name _____ Score _____

OBJECTIVE 7

Evaluate a label.

INTRODUCTION

Labels can provide the kind of information one wants and needs for selection of products. Product labeling gives not only quality standards and grades but also important facts that you want to know.

The buyer should read labels carefully to obtain information such as (a) the weight or the volume, (b) the grade or quality, and (c) an analysis or a description of the contents.

INSTRUCTIONS



Reading Comprehension

- Gain factual information
- Distinguish fact, opinion and inference

Functional Reading

- Follow written instructions



Language

- State ideas clearly

Research

- Take notes



Cognitive Activities

- Collect/record information
- Identify critical elements/issues

Select at least two different kinds of labels such as a food label, clothing label, cosmetic or personal product label, and evaluate each using the following checklist. Place a (✓) in the appropriate column. Attach labels to the back of this assignment sheet.

LABEL INFORMATION

LABEL #1

LABEL #2

Specific descriptive statements

Facts regarding quantity

Grades or other similar designations

Certificate or other mark of approval or guarantee

Instructions for proper use and care

Warnings

154

1. Which label contained the most complete information?

2. What other information would be useful?

Label #1 _____

Label #2 _____

3. Do you think labeling should be more strict? Why or why not?

4. Which product would you purchase? _____

Why? _____

**ASSIGNMENT
SHEET 3**

PROTECTING THE CONSUMER

4

Name _____ Score _____

OBJECTIVE 9

Match specific consumer problems to the agencies which handle such problems.

INTRODUCTION

The last step in making a consumer complaint is to report your action to the correct place if the manufacturer is not helpful. Contacting the agency that monitors or governs the industry may give you the help you need.

INSTRUCTIONS



- Reading Comprehension
- React to written material
- Research and Reference
- Select useful resources
 - Locate resources
 - Use in-book reference tools

Consider the following situations. In each situation, the consumers followed the appropriate steps in making complaints and received no help from the manufacturer. Identify the agency that you would contact to handle the following complaints. Use unit information and other available resources to assist you in completing this assignment.

COMPLAINT

1. Betty discovered that the labeling was incorrect on the makeup she just bought.
2. The post office lost a package that Roderigo mailed last Christmas.
3. Jamie found that the FHA fund raising project was not properly represented by the company.

AGENCY YOU WOULD CONTACT

1. _____

2. _____

3. _____

~~150~~

COMPLAINT**AGENCY YOU WOULD CONTACT**

4. Otto has had problems with his refrigerator since he bought it.
5. Tonja found that the fabric she purchased and cared for as directed on the care label was ruined when she followed instructions.
6. Heindrick has had problems with the tires that he purchased recently.
7. Bryan joined a record club and found that the advertisement he responded to was false. He has received bills for merchandise that he has never received.
8. The soles on Everett's name-brand running shoes started separating from the uppers after his third wearing.
9. A canned ham Jon recently purchased was rancid and moldy.
10. Marlena has complained to city authorities that the steps of local municipal buses are unsafe but has seen no changes.

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

**ASSIGNMENT
SHEET 4**

PROTECTING THE CONSUMER

4

Name _____ Score _____

OBJECTIVE 11

Evaluate a letter of redress.

INTRODUCTION

As in all letter writing, you want your letter of redress to represent you as an intelligent, reasonable person. In order to do that, your letter must be well-written—organized, factual, and neat. It must state your complaint and your desired resolution as one businessperson would to another.

INSTRUCTIONS



Reading Comprehension

- Distinguish fact, opinion and inference
- Draw conclusions
- Make generalizations
- React to written material
- Functional Reading
- Follow written instructions



Language

- State ideas clearly



Cognitive Activities

- Identify critical elements/issues
- Define a problem

Perhaps you've had trouble with something you've bought. Can you write a good letter explaining what you think should be done? Assume that you've written the following letter of complaint. After reading the letter, answer the questions on the next page.

790 S. Adams
Smalltown, OK 12345
July 1, 199__

Robert Gauntlett
Customer Service Manager
Jeans and Shirts, Incorporated
631 Fifth Avenue
Iowa City, IA 52240

Dear Mr. Gauntlett:

On June 17, 199__, I paid \$17.95 for a patchwork shirt made by Jeans and Shirts, Incorporated. I bought it at JEAN SCENE, which is located at 2525 W. 39th in Oklahoma City, Oklahoma. A copy of the sales slip is enclosed. Although I followed the washing instructions on the label, the first time the shirt was washed, it was completely ruined. The colors ran together, and most of the seams came apart.

Bill Johnson, the manager of JEAN SCENE, refused to refund my money when I returned the shirt on June 23, 19___. I feel that Jeans and Shirts, Incorporated, should refund the purchase price to me.

Sincerely,

Amie Stone

153

1. Why should you be sure to include your own address and the date when you write a business letter?

2. What are the advantages of finding the name of one of the company's executives and addressing your letter to him or her?

3. Where might you be able to get a company's address?

4. What does this letter say that the company should do?

5. Why would it be a good idea to keep a copy of your letter for yourself?

6. Would you send a copy of your original warranty and sales slip with a letter of complaint?

Why?

7. What other information should be included in this letter?

**ASSIGNMENT
SHEET 5**

PROTECTING THE CONSUMER

4

Name _____ Score _____

OBJECTIVE 12

Write a letter of redress.

INTRODUCTION

What do you do when you buy a product and you have a problem with it? To solve the problem that you may have with a product, you need to complain to the right person at the right place.

A large number of consumer complaints are never answered because the consumer does not handle the complaint properly. Some consumers fail to explain the problem clearly, give the important facts and figures, or include a return address. When mailing a letter of redress, send it by registered mail. Then you will have a record of its delivery. A registered letter is hand delivered, and the receiver must sign for it.

INSTRUCTIONS

Part 1

Using your own paper, write a letter of redress. To write the letter, choose a product that you or your family has purchased recently that was not satisfactory.



Research and Reference

- Select useful resources
- Locate resources
- Functional Reading
- Follow written instructions



Language

- Use standard grammar, spelling, and capitalization
- State ideas clearly

Composition

- Use complete sentences
- Use introductory/closing paragraphs
- Proofread and edit
- Functional Writing
- Write letters



Cognitive Activities

- Identify critical elements/issues
- Define a problem
- Create a finished product

160

EXAMPLE:

Use 8½-by-11-
inch paper

Letter:

Your return
address

Inside company
address

Paragraph 1

Paragraph 2

Paragraph 3

Body of business
letter is always
single spaced
except for double
spacing between
paragraphs

Middle of page about 14 lines down

Your street address
Your city, State ZIP Code
Date

4 blank lines after date

Customer Service Representative
Company name
Address
City, State ZIP Code
(double space)

Dear Customer Service Representative:
(double space)

I am writing about (product, brand name, model or service number)
bought from (merchant, store address) on date. I have enclosed a copy
of my receipt.
(double space)

My problem is I have (tell what you've done to try to get redress).
(double space)

Because I know your company wishes to provide quality products and
service, I will look forward to getting this complaint resolved by (tell
exactly what you want).
(double space)

Leave 4 blank
lines for
signature

Sincerely,

Jon Bartlett
(602) XXX-XXXX

Sign name
here
Type name
Type phone
number

Envelope:

Jon Bartlett
Address
City, State ZIP Code

Customer Service Representative
Company name
Address
City, State ZIP Code

Part 2

Before mailing your letter, evaluate it with the checklist that follows:

CHECKLIST

Yes No

I wrote my name and full address on the envelope.

I wrote the company address on the envelope.

☒ **NOTE:** Company address should be repeated from inside address given in letter.

I neatly wrote or typed my letter.

I included my address and telephone number.

I stated the product, brand name, and model or serial number.

I gave the place of purchase.

I gave the date of purchase.

I enclosed a copy (not the original) of the receipt.

I stated the problem in concise terms.

I stated what I want done.

I checked my letter for spelling and punctuation.

I enclosed any pertinent *copies* of material such as labels or sample ads.

☒ **NOTE:** Be sure that these are *copies*; do not send the originals.

I kept a copy of my letter of redress.

**ASSIGNMENT
SHEET 6**

PROTECTING THE CONSUMER

4

Name _____ Score _____

OBJECTIVE 17

Interpret a written contract.

INTRODUCTION



Reading Comprehension

- Gain factual information
- React to written material

Functional Reading

- Follow written instructions
- Use content area vocabulary



Language

- State ideas clearly

A contract is an agreement between two or more competent parties that creates an obligation enforceable by law. If one of the parties does not carry out his or her part of the agreement, the other party may take legal action. It is important that you read an entire contract before you sign. Ask for an explanation of the parts you do not understand.

A legally binding contract has four parts:

- The parties involved must agree on all the terms.
- Something of value must be exchanged.
- The parties making the agreement must be competent. For example, if the persons are minors or are proven mentally incompetent, they are not usually considered a responsible party in the eyes of the law.
- The purpose of the contract must be legal. For example, an illegal bet cannot be enforced through a court of law.

INSTRUCTIONS

Read the following contract and answer the questions that follow.

LEASE

Location 1515 S. Western, Nowata, Oklahoma

Monthly rent \$350 Amount of deposit \$60.00 Rent to begin 5/1/96

Name Terra Mussett

Number in family: 7 Adults 2 Children 5

Name(s) of other adults in family Kirk Mussett

Present Address 412 S. Maple How long? 3 yrs. Phone 624-5678

163

Present Landlord Joe Cox Address 123 S. Elm

Previous Landlord Harry Smith Address 101 W. Apple Land

Name of Employer Sunnyside Grocery Position Manager

How long at this job? 2 years Name of immediate supervisor? Greg Griffith

Other adult's employer? Rogers High School Position Asst. Principal

Business Reference

Name Stock Exchange Bank Business Savings and Loan

Address 456 E. Main

Relative(s) not living with you:

Name Jon Mussett Address 980 W. Hill Drive Phone (405) 631-3974

Name _____ Address _____ Phone _____

Number of Automobiles: 2

This lease made this 1st day of May, 1996 by and between Robin Hendrix, Hometown Realty of the first part, and Terra Mussett of the second part.

Witnesseth that said first party in consideration of the covenants and agreements hereinafter set forth does lease and let unto the second party the following described property situated in the County of Hefner, State of Oklahoma, to wit:

1515 S. Western

Nowata, Oklahoma

To have and to hold the same unto the second party from the 1 day of May, 1996, to the 1 day of May, 1997, and said party in consideration of the premises herein set forth agrees to pay the first party as rental for the above described premises the amount of \$ 350 per month.

Paid in advance on the first day of each and every month and being due and delinquent by the tenth of each month. The party of the second part shall deposit a \$60.00 cleaning and key deposit with the party of the first part to insure against damages. The cleaning and key deposit shall be refunded in full to the second party upon leaving the premises in good or better condition than in which they received it. A \$10.00 fee will be charged on all payments after the tenth of each month. If payments become 30 days past due, the party of the second part surrenders all rights to the first party and any legal recourse and automatically nulls and voids this lease and agrees to leave peaceably and agrees to pay all existing payments upon demand.

It is Further Agreed

1. That the second party shall not assign this lease or underlet said premises or any part thereof, without the previous consent in writing of the first party;

164

2. That at the expiration of this lease, or sooner determination thereof, the second party shall give peaceable possession of the premises to the first party and in as good condition as they are now, the usual wear and tear and damage by fire or other unavoidable casualty excepted;
3. That upon the failure of the second party to pay the rentals or any thereof as herein provided, or to otherwise comply with the terms and conditions of this lease, then the first party may declare this lease thereby ended and determined, and re-enter and take possession of the premises, and notice of such election and demand of possession are hereby waived;
4. That this lease shall not be considered renewed except by agreement of the parties hereto;
5. That the covenants and agreements of this lease shall extend to and be binding upon the heirs, executors, administrators and assigns of the parties hereto where the context hereto requires or admits;
6. That the second party shall maintain the landscaping in a reasonable manner;
7. That the first party will be able to show the property at 1515 S. Western the last 30 days of the lease.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

(Signature)

(Signature)

After reading the contract, answer the following questions relating to a written contract.

1. What is the date and place of the agreement?

2. Who are the parties entering into the agreement?

3. What is the agreement covered by the contract?

165

**WRITTEN
TEST**

PROTECTING THE CONSUMER

4

Name _____ Score _____

OBJECTIVE 1

Match terms associated with consumer protection to their correct definitions. Write the correct letters in the blanks.

- | | |
|---------------------------|-----------------|
| A. endorsement | G. contract |
| B. annual percentage rate | H. redress |
| C. arbitration | I. class action |
| D. small-claims court | J. plaintiff |
| E. bankruptcy | K. defendant |
| F. warranty | L. fraud |

- _____ 1. Court that simplifies and speeds up the handling of minor cases
- _____ 2. Binding settlement of a dispute by a person or persons chosen to hear both sides and come to a decision
- _____ 3. Person charged in legal action
- _____ 4. Written guarantee of a product's quality and operation and of the maker's responsibility for replacing or repairing defective parts
- _____ 5. Legal proceeding that declares a person unable to meet financial obligations and divides the person's assets among creditors
- _____ 6. Suing party
- _____ 7. Compensation for a wrong or loss
- _____ 8. Actual rate of interest figured on a yearly rate
- _____ 9. Binding agreement between two or more persons
- _____ 10. Statement of approval for a person or product as in an advertisement

165

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- _____ 11. Legal action taken by one or more plaintiffs for themselves and all other persons who have suffered from the same situation
- _____ 12. False representation that leads to the deception of the consumer

OBJECTIVE 2

State situations that may signal consumer fraud. List four.

- _____
- _____
- _____
- _____

OBJECTIVE 3

Match types of consumer fraud to their correct descriptions.
Write the correct letters in the blanks.

- | | |
|---|---|
| A. unordered merchandise | F. false testimonial, endorsement, or certification |
| B. false claim about features or consequences | G. door-to-door fraud |
| C. bait and switch | H. earn-money-at-home |
| D. referral sales approach | I. telephone fraud |
| E. contest winner of free goods | |

- _____ 1. Products are mailed to an individual without request or consent and are followed by a letter demanding payment.
- _____ 2. Consumers are informed that they have "won" a prize although other conditions exist for receiving the prize.
- _____ 3. Promises are made that are not true.
- _____ 4. Companies falsely state or imply that products are endorsed or approved.
- _____ 5. Salespersons come to homes to sell items like roofing, siding, lightning rods, paint, or magazines.
- _____ 6. Consumer intends to buy an item that was advertised at a low price; but the seller, hoping to sell a more expensive item, downgrades the advertised item or indicates that the product is sold out.

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167

- _____ 7. Offers are made for persons to increase their income without leaving their homes.
- _____ 8. Salespersons offer great savings on products by buying sight unseen or convince consumer that someone at that number ordered the product.
- _____ 9. Salesperson uses the names of friends of the customers to influence a decision to buy.

OBJECTIVE 4

State types of consumer protection. List eight.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

OBJECTIVE 5

Select from a list responsibilities of an informed consumer.
Write an "X" in the blank before each correct answer.

- Before you buy:
 - _____ A. Watch for sales and specials on the products you use.
 - _____ B. Make a decision on what brands to buy before doing any shopping.
 - _____ C. Read advertisements and other consumer information to get the facts.
 - _____ D. Select a product based on your first impression.
 - _____ E. Compare product quality, prices, and services of different stores.
 - _____ F. Consider only name brands.

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- _____ G. Check for the best time of year to buy certain products.
- _____ H. Determine your needs and wants.
- _____ I. Compare quality and prices of different brands.

• When you buy:

- _____ A. Buy only products that are attractively displayed.
- _____ B. Deal only with a business or an individual who has a good reputation for service.
- _____ C. Compare credit costs.
- _____ D. Accept the word of a salesperson concerning warranties.
- _____ E. Read all contracts before signing, and know all the facts.
- _____ F. Beware of salespeople who try to sell you more than you need or want.
- _____ G. Make sure the price is what you are willing and able to pay.
- _____ H. Take substitutions for sale items at a salesperson's suggestion.
- _____ I. Make sure the product is exactly what you need and want.
- _____ J. Check guarantees and warranties for repair and/or replacement information.

• After you buy:

- _____ A. Skim the instruction booklet before trying a new product.
- _____ B. Date and file each warranty, contract, instruction booklet, and warning label.
- _____ C. Take the advice of a friend as to how a product should operate.

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- ☐ D. Use products properly according to the instructions and safety warnings.
- ☐ E. Return the product to the store where it was purchased if you are not satisfied.

OBJECTIVE 6

Evaluated on Assignment Sheet 1.

OBJECTIVE 7

Evaluated on Assignment Sheet 2.

OBJECTIVE 8

Arrange in order the steps in making a consumer complaint.
Place a "1" by the first step, a "2" by the second step, etc.

- ☐ A. Seek legal advice if necessary.
- ☐ B. Write to the manufacturer if the store is unable or unwilling to help you.
- ☐ C. Report your action to the correct agency if the manufacturer is not helpful.
- ☐ D. Return to the place where you purchased the item or service and explain your problem in a factual manner.

OBJECTIVE 9

Evaluated on Assignment Sheet 3.

OBJECTIVE 10

Select from a list guidelines for writing a letter of redress.
Write an "X" in the blank before each correct answer.

- ☐ A. Write a letter in pencil.
- ☐ B. Send original items such as sales receipts and labels.
- ☐ C. Be persistent.
- ☐ D. Include specific facts about the product or service that is not satisfactory.
- ☐ E. Write the company a letter as soon as you know a problem exists.
- ☐ F. Use pretty, decorative stationery.

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- _____ G. Keep a copy of the letter, and record the dates and names of the persons contacted.
- _____ H. Direct your complaint to the right person at the right office.

OBJECTIVE 11

Evaluated on Assignment Sheet 4.

OBJECTIVE 12

Evaluated on Assignment Sheet 5.

OBJECTIVE 13

Match federal consumer protection laws to their correct descriptions. Write the correct letters in the blanks.

- | | |
|---|--|
| A. Fair Packaging and Labeling Act (Truth in Packaging) | E. Fair Credit Reporting Act |
| B. Automobile Information Disclosure Act | F. Child Protection and Toy Safety Act |
| C. Consumer Credit Protection Act (Truth in Lending) | G. Textile Fiber Products Identification Act |
| D. Food, Drug, and Cosmetic Act | H. Warranty-Federal Trade Commission Improvement Act |
| | I. Federal Hazardous Substances Labeling Act |

- _____ 1. Lets the consumers know exactly what the credit charges are on purchases and loans; credit cost must be stated both in dollars and cents and as an annual percentage rate
- _____ 2. Requires that the manufacturers label each new car, listing its suggested retail price, the price of any extras, and the total price
- _____ 3. Assures the consumers of the safety, purity, and wholesomeness of food; safety and effectiveness of drugs; and the safety of cosmetics
- _____ 4. Requires that certain facts such as the net content, size of a serving, and list of the ingredients in order of decreasing weights be made known to the consumer
- _____ 5. Protects children from dangerous goods, including dangerous toys; this law bans the shipment and sale of such dangerous items from state to state

- ☐ 6. Requires that labels list such things as precautions for use and first-aid procedures in case of accidents
- ☐ 7. Sets minimum standards for written warranties and states provisions for class-action suits if a warranty is not fulfilled
- ☐ 8. Enables consumers to check information about themselves kept on file by a credit bureau; consumers may ask a credit bureau for the source of the information in their file and the names of those who have been given a credit report on the consumer within the past six months
- ☐ 9. Requires labels on textiles to list fiber content by weight and manufacturer's name and address

OBJECTIVE 14

Select from a list information that is required on a written contract. Write an "X" in the blank before each correct answer.

- ☐ A. Date and place of the agreement
- ☐ B. Race, age, sex, and marital status
- ☐ C. Statement of money, services, or goods given in the agreement
- ☐ D. Signatures of both parties or of the legal agents
- ☐ E. Social security number
- ☐ F. Names and identification of the parties entering into the agreement
- ☐ G. Statement of agreement covered by the contract

OBJECTIVE 15

Discuss precautions to take concerning the use of contracts.
Include six specific precautions.

- _____

- _____

- _____

- _____

- _____

- _____

OBJECTIVE 16

Explain how a contract may become invalid. Include four specific circumstances.

- _____

- _____

- _____

- _____

OBJECTIVE 17

Evaluated on Assignment Sheet 6.

**ASSIGNMENT
SHEETS****OBJECTIVE 6****Assignment Sheet 1**

Part 1 - Evaluated to the satisfaction of the instructor

- Part 2 - 1. a. One (1) year after the original purchase
b. Any defective part can be exchanged under the parts warranty by bringing it to any Sanasonic Servicenter; labor for removal and installation is available at your expense
2. a. Ten (10) days
b. Batteries
c. Parts; evaluated to the satisfaction of the instructor
3. a. Carry-in service for ninety (90) days after the original purchase
b. Customer takes the appliance to a repair shop or service center
c. Evaluated to the satisfaction of the instructor
4. Evaluated to the satisfaction of the instructor

OBJECTIVE 7**Assignment Sheet 2**

Evaluated to the satisfaction of the instructor

OBJECTIVE 9**Assignment Sheet 3**

1. Local office of the Food and Drug Administration
2. Consumer Affairs Office
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260
3. Council of Better Business Bureaus
4200 Wilson Blvd.
Arlington, VA 22203

4. Major Appliance Consumer Action Panel
20 N. Wacker Dr.
Chicago, IL 60606
5. Regional office of the Federal Trade Commission
6. Regional National Highway Traffic Safety Administration
Office of Public Affairs
7. City and county consumer protection agencies
8. Regional office of the Federal Trade Commission
9. Local office of the Food and Drug Administration
10. City and county consumer protection agencies
State attorney general

OBJECTIVE 11

Assignment Sheet 4

Evaluated to the satisfaction of the instructor

OBJECTIVE 12

Assignment Sheet 5

Evaluated to the satisfaction of the instructor

OBJECTIVE 17

Assignment Sheet 6

1. May 1, 1996; 1515 S. Western, Nowata, Oklahoma
2. Terra Mussett and Robin Hendrix, Hometown Realty
3. Terra Mussett will lease the property at 1515 S. Western for one year. She will not sublease any part of the property; she will leave peaceably at the end of the lease period; she will leave the property in as good condition as it was when she arrived; if she does not pay within 30 days of due date, she voids the lease and must leave the premises; she may renew the lease upon agreement of both parties; Terra will maintain landscaping; and she will allow the property to be shown the last 30 days of the lease; she will pay \$350 per month; she will pay a \$60.00 deposit refundable upon leaving the property in good condition; she will pay a \$10.00 late fee if payment is made after the 10th of the month.

WRITTEN TEST

OBJECTIVE 1

- | | |
|------|-------|
| 1. D | 7. H |
| 2. C | 8. B |
| 3. K | 9. G |
| 4. F | 10. A |
| 5. E | 11. I |
| 6. J | 12. L |

OBJECTIVE 2

Answers should include any four of the following:

- You appear to be getting something for nothing.
- You appear to have been specially selected.
- You are promised high earnings without work experience.
- You are being pressured to decide right away.
- Your home appears to have been selected to be a model demonstration unit.

OBJECTIVE 3

- | | | |
|------|------|------|
| 1. A | 4. F | 7. H |
| 2. E | 5. G | 8. I |
| 3. B | 6. C | 9. D |

OBJECTIVE 4

Answers should include any eight of the following:

- Knowledge of consumer rights
- Federal, state, and local laws
- Federal consumer agencies
- State and local consumer agencies
- Private sources
- Professional associations
- Consumer-action panels
- Seals of approval
- Citizens' organizations
- Small-claims court
- Arbitration services
- Legal counsel
- Bankruptcy
- Better Business Bureaus

OBJECTIVE 5

- Before you buy:
A, C, E, G, H, I
- When you buy:
B, C, E, F, G, I, J
- After you buy:
B, D, E

OBJECTIVE 6

Evaluated on Assignment Sheet 1.

OBJECTIVE 7

Evaluated on Assignment Sheet 2.

OBJECTIVE 8

A. 4	C. 3
B. 2	D. 1

OBJECTIVE 9

Evaluated on Assignment Sheet 3.

OBJECTIVE 10

C, D, E, G, H

OBJECTIVE 11

Evaluated on Assignment Sheet 4.

OBJECTIVE 12

Evaluated on Assignment Sheet 5.

OBJECTIVE 13

1. C	6. I
2. B	7. H
3. D	8. E
4. A	9. G
5. F	

OBJECTIVE 14

A, C, D, F, G

OBJECTIVE 15

Discussion should include any six of the following:

- Read the entire contract before you sign.
- Ask for explanations of parts you do not understand.
- Make sure the contract states all of the conditions and promises as you understand them.

- Do not accept your copy without the signature of the other party on the contract.
- Keep your copy of the contract in a safe place.
- Never sign a contract with blank lines.
- Initial any changes you make on the contract, and have the other party do the same.
- Note any payments made at the time the contract is entered into on the contract, or obtain a separate dated receipt.

OBJECTIVE 16

Explanation should include the following:

- If fraud exists in the form of misrepresentation or concealment of vital facts
- If a person makes an agreement as a result of threat or the use of violence
- If unnecessary and unfair influence and pressure has been used to the extent that one person has not reached the agreement through his or her own judgment
- If a mistake exists, such as the nature of the agreement, the identity of a party, the possibility of performance, or the identity of the subject matter

OBJECTIVE 17

Evaluated on Assignment Sheet 7.

**OBJECTIVE
SHEET****USING FINANCIAL SERVICES****5****INTRODUCTION**

Part of establishing yourself financially is learning to use various types of financial services. Accounts, such as a checking account and a savings account, help in accounting for your money and in building a reputation for you as a responsible person.

**UNIT
OBJECTIVE**

After completing this unit, the student will show the following competencies by mastering the activities on the Assignment Sheets and by scoring at least 85% on the Written Test.

**SPECIFIC
OBJECTIVES**

1. Match terms associated with financial services to their correct definitions.
2. Select from a list functions of a bank.
3. Compare local banking services. (Assignment Sheet 1)
4. Discuss the benefits of having a checking account.
5. Identify types of check endorsements.
6. Explain how to stop payment on a check.
7. Select from a list points to remember when writing a check.
8. Write a check.
9. Select from a list points to remember when filling out a deposit slip.
10. Fill out a deposit slip.
11. Select from a list reasons for keeping a check register.
12. Enter checks, deposits, and service charges in a check register.
13. State reasons for reconciling a bank statement.
14. Reconcile a bank statement.

173

15. State guidelines for using an automatic teller machine (ATM) card.
16. State reasons for saving money.
17. State factors to consider in selecting investments.
18. State guidelines for saving money.
19. Match types of savings methods to their correct descriptions.
20. Match types of financial institutions that offer savings plans to their correct descriptions.
21. Develop a savings plan. (Assignment Sheet 2)

SUGGESTED ACTIVITIES

USING FINANCIAL SERVICES

5

PREPARATION

- Review the unit and plan your presentation.
- Determine the scope and sequence of objectives you add. Design and develop support materials, including evaluation techniques for additional objectives.
- Review the teaching suggestions and plan classroom activities.
- Determine how you will schedule time for students to demonstrate competence in the required procedures.
- Order materials to supplement the unit.
- Order videos.
- Invite guest speakers.

NOTE: Please provide the guest speaker with the specific topic relevant to the unit of instruction ahead of time. You may want to supply the Objective Sheet, Information Sheet, and any other components you want the speaker to cover. Confirm the scheduled appearance two to three days prior to the presentation.

DELIVERY

Objective 1: Match terms associated with financial services to their correct definitions.

- Explain that the purpose of this unit is to help the students become aware of services available to them through their local banks and to learn to manage checking and savings accounts properly.
- Ask how many of the students have checking or savings accounts. Ask those who have accounts to relate their experiences in opening and managing their accounts.
- Use Information Sheet, objective 1 to discuss the terms and definitions related to financial services.

Objective 2: Select from a list functions of a bank.

- Use Information Sheet, objective 2 to discuss the basic functions of a bank.

Objective 3: Compare local banking services. (Assignment Sheet 1)

- Have several students collect pamphlets showing services offered by local banks.
- Have the students complete Assignment Sheet 1 in class using the information which has been collected by their classmates.
- Have a banking representative discuss with the class the types of services the bank offers to its customers.

Objective 4: Discuss the benefits of having a checking account.

- Use Information Sheet, objective 4 to explain the benefits of having a checking account.
- Ask the students how many times they have needed a receipt for something they purchased and could not find it. Discuss the receipt value of checking accounts.
- Use Supplement 1 and Transparencies 1, 2, 3, and 4 to assist the students in role playing the opening of checking and savings accounts.

Objective 5: Identify types of check endorsements.

- Use Information Sheet, objective 5 to discuss the types of check endorsements.

Objective 6: Explain how to stop payment on a check.

- Have the students think of reasons they would need or want to stop payment on a check. Discuss these reasons in class.
- Use Information Sheet, objective 6 to explain how to stop payment on a check.

Objective 7: Select from a list points to remember when writing a check.

- Use Information Sheet, objective 7 to discuss the points to remember when writing checks.

Objective 8: Write a check.

- Use Transparency 5 to show the students the various sections of a blank personal check.
- Use Transparency 6 to show the students what a completed personal check looks like.
- Use Information Sheet, objective 8 to guide the students through the steps in writing a check.
- Have the students complete Supplement 2 and go over the answers in class.

Objective 9: Select from a list points to remember when filling out a deposit slip.

- Use Information Sheet, objective 9 to go over the points to remember when filling out a deposit slip.

Objective 10: Fill out a deposit slip.

- Show Transparencies 2 and 3 again to illustrate checking and savings account deposit slips.
- Use Information Sheet, objective 10 to present the steps in filling out deposit slips.
- Have the students complete Supplement 3 and go over the answers in class.

Objective 11: Select from a list reasons for keeping a check register.

- Ask the students with checking accounts how many of them have forgotten to record a check at the same time as writing it and then forgot to whom and for how much the check was written. Discuss this problem in class.
- Use Information Sheet, objective 11 to discuss the reasons for keeping a check register.

Objective 12: Enter checks, deposits, and service charges in a check register.

- Use Transparency 7 to show the students what a check register looks like.

- Use Information Sheet, objective 12 to explain the process of entering checks, deposits, and service charges in a check register.
- Have the students complete Supplement 4 and go over the answers in class.

Objective 13: State reasons for reconciling a bank statement.

- Use Information Sheet, objective 13 to discuss the reasons for reconciling a bank statement.

Objective 14: Reconcile a bank statement.

- Use Transparencies 8 and 9 to show what a bank statement looks like.
- Use Information Sheet, objective 14 to explain the process of reconciling a bank statement.
- Have the students complete Supplement 5 and go over the answers in class.

Objective 15: State guidelines for using an automatic teller machine (ATM) card.

- Use Information Sheet, objective 15 to introduce the guidelines for using an automatic teller machine (ATM).

Objective 16: State reasons for saving money.

- Use Information Sheet, objective 16 to discuss the reasons for saving.
- Ask the students to discuss their personal reasons for saving.

Objective 17: State factors to consider in selecting investments.

- Use Information Sheet, objective 17 to discuss the factors to consider in selecting investments.
- Have a stock broker or financial advisor provide the class with more information on investments.

EVALUATION

Objective 18: State guidelines for saving money.

- Use Information Sheet, objective 18 to discuss the guidelines for saving money.
- Ask the students to discuss how they think they can save money more effectively.

Objective 19: Match types of savings methods to their correct descriptions.

- Use Information Sheet, objective 19 to discuss the different types of savings methods.

Objective 20: Match types of financial institutions that offer savings plans to their correct descriptions.

- Use Information Sheet, objective 20 to present types of financial institutions that offer savings plans.
- Take the class on a tour of a bank. Encourage the students to ask questions about aspects they do not understand.

Objective 21: Develop a savings plan. (Assignment Sheet 2)

- Have the students complete Assignment Sheet 2.

Pretest

- Give the Written Test as a pretest.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.
- Modify materials in the unit or create supplementary materials for individual students as required.

Skill Test

- Evaluate students on Assignment Sheet activities if not previously done.
- Reteach and reevaluate if necessary.

- Modify materials in the unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the Written Test actions listed in the specific objectives.
- Give the Written Test.

☒ **NOTE:** The Written Test may be given in sections if desired.

- Reteach and retest if necessary.
- Review individual and group performance in order to evaluate teaching methods. Adjust the scope, sequence, or instructional approaches for additional lessons as required.

SUGGESTED RESOURCES

Print Media

- *Introduction to Financial Services*. Stillwater, OK. Oklahoma Department of Vocational and Technical Education/ Curriculum and Instructional Materials Center, 1989.
- Quinn, Jane Bryant. *Making the Most of Your Money*. New York: Simon and Shuster, 1991.
- Savage, Terry. *Terry Savage Talks Money*. Dearborn Financial Publishing Inc., 1990.
- *You and Your Checkbook*. St. Albans, West Virginia: NOW Communications, Inc., 1986.

Provides exercises for the students in writing checks, maintaining a check register, making deposits, and reconciling bank statements.

The above materials are available from United States Resource Company, P.O. Box 343, St. Albans, WV 25177, (304) 722-5172.

Electronic Media

- *You and Your Community Bank*. St. Albans, WV: United States Resource Company, 1993.

Contains information about banking services, the federal reserve system, electronic banking, and various types of accounts. It also contains exercises for the students in filling out checks and deposit slips and reconciling bank statements along with other activities.

The above videotape is available from the U.S. Resource Company, P.O. Box 343, St. Albans, WV 25177, (304) 722-5172.

OBJECTIVE 1

Match terms associated with financial services to their correct definitions.

- **automatic teller machine (ATM)** — machine that allows a person to deposit or withdraw money from the bank 24 hours a day. The ATM reads a code from the back of the ATM card and then waits for you to enter your personal identification number. If the card and number are accepted, the customer can conduct selected banking transactions any time.
- **balance** — amount of money a checking account holder has in the bank
- **bank statement** — monthly report provided by the bank of deposits, checks, service charges, and balances
- **bear market** — time when the average price of all stocks drops because of widespread selling of stocks

NOTE: To be "bearish" means to be pessimistic about the market outlook.

- **bond** — certificate of indebtedness issued by a corporation or the government which agrees to pay back the money loaned by an investor on a certain date with a set interest rate

NOTE: Generally, a bond provides a smaller but surer return on an investment. The investor does not actually own a part of the company as do common and preferred stockholders. Consequently, owners of bonds do not get to vote for the company's board of directors. In case a company goes broke, however, all bonds are paid off before stocks because they are company debts.

- **broker** — member of an organized exchange who acts as an agent in buying and selling securities for his or her customers
- **bull market** — time when the average price of all stocks rises because of the widespread buying of stocks

NOTE: To be "bullish" means to be optimistic about the market outlook.

- **cancelled check** — check that has been paid by the bank
- **check** — form used to withdraw money from a checking account
- **check register** — part of a checkbook in which the account holder keeps a record of checks, deposits, service charges, and the account balance
- **checking account** — bank account against which a depositor may write checks
- **common stock** — stock with no fixed dividend rate; dividend is based upon earnings and paid after the preferred stock dividend has been paid

NOTE: Both common and preferred stock are considered ownership in a company.

- **deposit** — money placed in a bank account
- **depositor** — person who places money in a bank account
- **dividend** — money paid to the stockholders or depositors from profits
- **Dow Jones averages** — average prices of selected well-known (blue-chip) stocks which are announced to brokers several times a day
- **endorse** — to sign your name on the back of a check written to you
- **investor** — person who gives money to a company or person with the idea of receiving interest for the use of his or her money
- **mutual fund** — group of people who pool their money, invest in a variety of stocks, and share the dividends
- **New York Stock Exchange (NYSE)** — open auction market where buyers compete with other buyers to purchase securities at the lowest possible price, and sellers compete with other sellers to sell at the highest possible price

NOTE: The New York Stock Exchange is the largest stock exchange in the nation. The second largest exchange is the American Stock Exchange.

- **outstanding checks** — those checks that have not reached and been recorded by the bank; they do not appear on the bank statement
- **outstanding deposits** — those deposits that have not reached and been recorded by the bank; they do not appear on the bank statement
- **"over-the-counter" stocks** — stocks that are not traded on an exchange but by traders at investment companies who compete to create a market
- **overdraft** — check written when no money or not enough money is in the checking account
- **payee** — person or business to receive payment; person or business to whom you write the check

☒ **NOTE:** Payee's name is written on the line that reads *Pay to the order of* . . .

- **preferred stock** — stock with a set dividend rate which is paid before common stockholders receive anything

☒ **NOTE:** If a company is dissolved, preferred stockholders get first claim of what is left after the company's debts are paid.

- **principal** — amount of money invested
- **reconcile** — to make the check register agree with the bank statement balance
- **savings account** — bank account on which interest is paid by the bank
- **securities** — evidence of debt on property, such as a bond or stock certificate

☒ **NOTE:** This term is often used as a general term for all stocks and bonds.

- **service charge** — fee a bank charges for its services
- **share** — portion of capital stock belonging to one person or group

- **Standard and Poor's** — largest securities research organization in the country
- **stock split** — process by which the number of outstanding shares of a company's stock is increased, but the dollar amount of capital remains the same

EXAMPLE: If stocks in "X" company sold at \$10 a share prior to the two-for-one stock split, they would sell at \$5 per share after the split. The owner of the stocks, however, would receive an extra share for each stock she or he owned. Two shares of stock would be the same as one share of stock at \$10.
- **stop payment** — instructions to the bank from a customer requesting that the bank not pay a check
- **void** — not legally binding; useless
- **withdrawal slip** — form similar to a check; used to withdraw money from a savings account
- **yield** — return on an investment

OBJECTIVE 2

Select from a list functions of a bank.

- To receive deposits
- To provide checking and savings accounts
- To transfer money from one account to another
- To make loans to businesses and individuals
- To provide helpful services

EXAMPLE: Special types of checks such as traveler's checks, cashiers' checks, bank money orders; financial advice; travel service; safety deposit boxes; bonds; estate planning

☒ **NOTE:** A small fee is usually charged for these services.

OBJECTIVE 3

Complete Assignment Sheet 1.

OBJECTIVE 4

Discuss the benefits of having a checking account.

- Is a convenient way to pay bills
- Provides a record of money spent
- Protects money from loss or theft
- Is usually accepted as proof of payment by law

☒ **NOTE:** Keep all cancelled checks for five years.

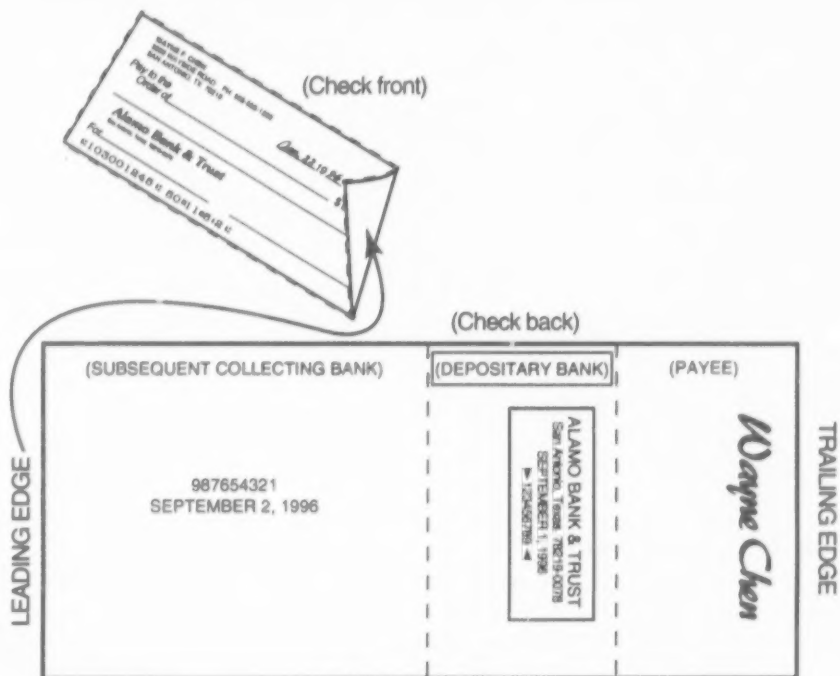
OBJECTIVE 5

Identify types of check endorsements.

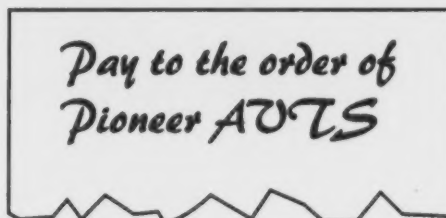
- **Blank Endorsement** — The payee must endorse the check within the top 1½" on the back left-hand end of the check. This endorsement can be the authorized signature of an individual, or the stamp of an organization, or the stamp used by a merchant to record information about the writer of the check.

☒ **NOTE:** Anyone can cash a check endorsed in this manner.

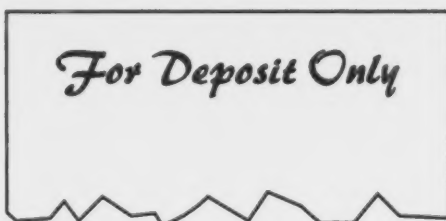
☒ **CAUTION:** Never endorse a check written to you until you are ready to cash it.



- **Special endorsement** — Payee writes *Pay to the order of* on the back left-hand end of the check.



- **Restricted endorsement** — Special directions such as *For Deposit Only* are stated on the back left-hand end of the check.



OBJECTIVE 6

Explain how to stop payment on a check.

☒ **NOTE:** Many banks have a service charge for all stop payment procedures.

- By phone

☒ **NOTE:** Phone requests for stop payment are temporary measures. To be legal, a phone request must be followed up by a written request.

- In writing

☒ **NOTE:** Written requests for stop payment may be on bank forms or in letters.

OBJECTIVE 7

Select from a list points to remember when writing a check.

- Write in ink.

- Write clearly.
- Fill in all of the blanks.
- Use the correct date.
- Place the decimal correctly.
- Write the amount close to the dollar sign so that it cannot be changed.
- Write the amount in words as far to the left as possible in the space given; fill in the unused portion with a wavy line.
- Do not cross out or erase on the check.

NOTE: If you make a mistake, tear up the check and write another.

- Never sign a blank check.

OBJECTIVE 8

Write a check.

NOTE: If you are using unprinted checks while waiting for your personal checks to be printed, you must number your checks in the upper right corner.

- Write the correct date.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of _____	<u>Jan, 22 19 96</u>	\$ _____
		Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For _____		
⑆103001245⑆ 50⑆11⑆5⑆2⑆		

- Write the name of the payee.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of <u>Acme Hardware</u>	<u>Jan, 22 19 96</u>	\$ <u>34⁰⁰</u>
		Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For _____		
⑆103001245⑆ 50⑆11⑆5⑆2⑆		

- Write the amount of the check in numerals (numbers).

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of <u>Acme Hardware</u>	<u>Jan, 22 19 96</u>	\$ <u>34⁰⁰</u>
		Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For _____		
⑆103001245⑆ 50⑆11⑆5⑆2⑆		

- Write the amount of the check in words.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of <u>Acme Hardware</u>	<u>Jan, 22 19 96</u>	\$ <u>34⁰⁰</u>
<u>Thirty-four and</u> ⁰⁰ / ₁₀₀		Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For _____		
⑆103001245⑆ 50⑆11⑆5⑆2⑆		

- Write your signature on the check.

NOTE: Every person who has a bank account must sign a signature card at the bank. Every time you write a check, you must sign it exactly the way your name appears on the signature card at the bank.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of	<u>Jan, 22 19 96</u> <u>Acme Hardware</u>	\$ <u>34⁰⁰</u>
<u>Thirty-four and</u> ⁰⁰ / ₁₀₀		Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For	<u>Wayne Chen</u>	
⑈103001246⑈ 50⑈11⑈5⑈2⑈		

- Write the reason why the check is written.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of	<u>Jan, 22 19 96</u> <u>Acme Hardware</u>	\$ <u>34⁰⁰</u>
<u>Thirty-four and</u> ⁰⁰ / ₁₀₀		Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For	<u>cancel</u> <u>Wayne Chen</u>	
⑈103001246⑈ 50⑈11⑈5⑈2⑈		

OBJECTIVE 9

Select from a list points to remember when filling out a deposit slip.

- Write the date on the deposit slip.
- Sign the deposit slip to receive cash.
- Get a copy of the deposit slip with the bank stamp on it.

NOTE: This is your proof that the deposit was made. Do not forget to enter the deposit in your check register.

- Write your name and account number on the deposit slip.

NOTE: If you are using personalized checks, you will find in the back of your checkbook preprinted deposit slips with your name and account number, but you may use a plain deposit slip.

- Endorse all of the checks listed.

OBJECTIVE 10

Fill out a deposit slip.

NOTE: In the following examples, \$50.00 in bills, \$3.00 in coins, a check for \$15.00, and a check for \$100.00 will be deposited.

- Write your name and address in ink.

CHECKING ACCOUNT DEPOSIT TICKET		CASH		CURRENCY
NAME	<u>Wayne Chen</u>	CASH		
	<u>3600 Wayside Road</u>	COIN		
	<u>San Antonio, TX 78128</u>	LIST CHECKS SINGLY		
DATE	____ 19____			
		TOTAL FROM OTHER SIDE		
		TOTAL		
		LESS CASH RECEIVED		
		NET DEPOSIT		

ALAMO BANK & TRUST

ACCOUNT NO. _____

96-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

- Write your account number.

CHECKING ACCOUNT DEPOSIT TICKET		CASH		CURRENCY
NAME	<u>Wayne Chen</u>	CASH		
	<u>3600 Wayside Road</u>	COIN		
	<u>San Antonio, TX 78128</u>	LIST CHECKS SINGLY		
DATE	____ 19____			
		TOTAL FROM OTHER SIDE		
		TOTAL		
		LESS CASH RECEIVED		
		NET DEPOSIT		

ALAMO BANK & TRUST

ACCOUNT NO. 501-01-52

96-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

197

- | | | |
|---------------------------------|------------------------------|--------------|
| CHECKING ACCOUNT DEPOSIT TICKET | | |
| NAME | Wayne Chen | |
| | 3600 Wayside Road | |
| | San Antonio, TX 78128 | |
| DATE | January 22, | 19 96 |
| ALAMO BANK & TRUST | | |
| ACCOUNT NO. | 501-01-52 | |

- | CHECKING ACCOUNT DEPOSIT TICKET | | |
|---------------------------------|------------------------------|--------------|
| NAME | <u>Wayne Chen</u> | |
| | <u>3600 Wayside Road</u> | |
| | <u>San Antonio, TX 78128</u> | |
| DATE | <u>January 22,</u> | <u>19 96</u> |
| ALAMO BANK & TRUST | | |
| ACCOUNT NO. | <u>501-01-52</u> | |
| CASH | CURRENCY | <u>50.00</u> |
| | COIN | |
| 101 CHECKS/DEPOSIT | | |
| | | |
| | | |
| TOTAL FROM OTHER SOUR | | |
| TOTAL | | |
| LESS CASH RECEIVED | | |
| NET DEPOSIT | | |

96-00
1090

USE OTHER SIDE FOR
ADDITIONAL LISTING

BE SURE EACH ITEM IS
PROPERLY ENDORSED

- | | | | |
|--|-------------------------------------|-----------|------------------|
| CHECKING ACCOUNT DEPOSIT TICKET | | | |
| NAME | <u>Wayne Chen</u> | | |
| | <u>3600 Wayside Road</u> | | |
| | <u>San Antonio, TX 78128</u> | | |
| DATE | <u>January 22,</u> | 19 | <u>96</u> |
| | | | |
| ALAMO BANK & TRUST | | | |
| | | | |
| ACCOUNT NO. <u>501-01-52</u> | | | |

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.

- Endorse each check and list them separately.

CHECKING ACCOUNT DEPOSIT TICKET	
NAME	Wayne Chen 3600 Wayside Road San Antonio, TX 78128
DATE	<u>January 22,</u> 19 <u>96</u>
ALAMO BANK & TRUST	
ACCOUNT NO. <u>501-01-52</u>	
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT	

CASH	CURRENCY	50 00
	COIN	3 00
LIST CHECKS SEPARATELY		15 00
		100 00
TOTAL FROM OTHER SIDE		
TOTAL		
LESS CASH RECEIVED		
NET DEPOSIT		

96-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

- Total the checks, currency, and coins; enter the figure as TOTAL.

CHECKING ACCOUNT DEPOSIT TICKET	
NAME	Wayne Chen 3600 Wayside Road San Antonio, TX 78128
DATE	<u>January 22,</u> 19 <u>96</u>
ALAMO BANK & TRUST	
ACCOUNT NO. <u>501-01-52</u>	
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT	

CASH	CURRENCY	50 00
	COIN	3 00
LIST CHECKS SEPARATELY		15 00
		100 00
TOTAL FROM OTHER SIDE		
TOTAL		168 00
LESS CASH RECEIVED		
NET DEPOSIT		

96-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

- Write the amount of cash desired in the space after LESS CASH RECEIVED.

NOTE: This and the next two steps are necessary only if you are depositing a check or checks and wish to deposit part of the value and receive part of the value in cash. If you want to receive cash when depositing money in a checking or savings account, you must write in "Less Cash" and the amount desired.

CHECKING ACCOUNT DEPOSIT TICKET	
NAME	Wayne Chen 3600 Wayside Road San Antonio, TX 78128
DATE	January 22, 19 96
ALAMO BANK & TRUST	
ACCOUNT NO. 501-01-52	
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.	

CASH	CURRENCY	50 00
	COIN	3 00
LIST CHECKS SEPARATELY		15 00
		100 00
TOTAL FROM OTHER SIDE		
TOTAL		168 00
LESS CASH RECEIVED		68 00
NET DEPOSIT		

96-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING
BE SURE EACH ITEM IS PROPERLY ENDORSED

- Sign your name or initials in the space opposite LESS CASH RECEIVED.

CHECKING ACCOUNT DEPOSIT TICKET	
NAME	Wayne Chen 3600 Wayside Road San Antonio, TX 78128
DATE	January 22, 19 96
ALAMO BANK & TRUST	
ACCOUNT NO. 501-01-52	
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.	

CASH	CURRENCY	50 00
	COIN	3 00
LIST CHECKS SEPARATELY		15 00
		100 00
TOTAL FROM OTHER SIDE		
TOTAL		168 00
LESS CASH RECEIVED		68 00
NET DEPOSIT		

96-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING
BE SURE EACH ITEM IS PROPERLY ENDORSED

WC

200

- Subtract amount of cash desired from TOTAL, and enter as NET DEPOSIT or TOTAL DEPOSIT.

CHECKING ACCOUNT DEPOSIT TICKET		CASH		CURRENCY	
NAME	Wayne Chen	CASH		CURRENCY	30.00
	3600 Wayside Road	CASH	3.00		
	San Antonio, TX 78128	LIST CHECKS SINGLY	15.00		
DATE	January 22, 1996		100.00		
	WOC	TOTAL FROM OTHER SIDE			
		TOTAL	168.00		
		LESS CASH RECEIVED	68.00		
		NET DEPOSIT	100.00		

ALAMO BANK & TRUST

ACCOUNT NO. **501-01-52**

96-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

OBJECTIVE 11

Select from a list reasons for keeping a check register.

- Shows the balance at all times
- Helps avoid overdrafts
- Keeps a record of the checks written
- Keeps a record of the deposits made
- Shows the dates of the checks and deposits
- Gives a record to compare with the bank statement

OBJECTIVE 12

Enter checks, deposits, and service charges in a check register.

NOTE: A check register is a small booklet used to keep a record of deposits made and checks written; it allows you to tell at a glance the amount of money you have in the bank.

- Entering checks written
 - Write the check number.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	V	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
160							174.00

- ☐ Write the date.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	V T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE		
160	1/22						174 00		

- ☐ Write the name of the person or business to whom the check will be written.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	V T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE		
160	1/22	Acme Hardware Store					174 00		

- ☐ Write the amount of the check in the correct column.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	V T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE		
160	1/22	Acme Hardware Store	34 00				174 00		

- ☐ Subtract the check from the balance on scratch paper, or use a calculator.

- ☐ Write in the balance.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	V T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE		
160	1/22	Acme Hardware Store	34 00				174 00		
							140 00		

- ☐ Repeat each of the steps given each time a check is written.

- Entering deposits

- ☐ Write the date.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							174 00
160	1/22	Acme Hardware Store	34 00				140 00
	1/28	←					

- ☐ Write the word "Deposit" and the amount of the deposit on the line.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							174 00
160	1/22	Acme Hardware Store	34 00				140 00
	1/28	Deposit				100 00	

- ☐ Add the balance on scratch paper, or use a calculator.
- ☐ Write in the balance.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							174 00
160	1/22	Acme Hardware Store	34 00				140 00
	1/28					100 00	240 00

- ☐ Repeat each of the steps given each time a deposit is made.

203

- Entering service charges

- Locate the abbreviation SC on the statement.

NOTE: SC is a common abbreviation for your monthly service charge.

75.00	58.70 5.00 SC		1-26	1813.38 1810.41
-------	------------------	--	------	--------------------

PLEASE EXAMINE STATEMENT OF ACCOUNT AND VOUCHERS AT ONCE
IF NO ERROR IS REPORTED IN TEN DAYS THE ACCOUNT WILL BE CONSIDERED CORRECT

- Write "Service Charge" on the line in your check register.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							174 00
160	1/22	Acme Hardware Store	34 00				140 00
	1/28	Deposit				100 00	240 00
		Service Charge					

- Write the amount of the service charge in the check column.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							174 00
160	1/22	Acme Hardware Store	34 00				140 00
	1/28					100 00	240 00
		Service Charge	5 00				

- On scratch paper or with a calculator, subtract the service charge from the balance.

- ☐ Write in the new balance.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							174 00
160	1/22	Acme Hardware Store	34 00				140 00
	1/28	Deposit				100 00	240 00
		Service Charge	5 00				235 00

OBJECTIVE 13

State reasons for reconciling a bank statement.

NOTE: It is important that you reconcile your bank statement every month. If you have a problem balancing your account, people at the bank can help you.

- A check you have written may not have arrived yet at the bank.
- A deposit may have been made after your statement was mailed.
- You may have failed to register a check you have written.
- You may have made an error in arithmetic in your check register.

OBJECTIVE 14

Reconcile a bank statement.

NOTE: Compare the bank statement and your check register. When your check register total and the bank statement total agree (after subtractions and additions have been made), you have reconciled your check register with your bank statement.

- Subtract the service charge from your check register.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							174 00
160	1/22	Acme Hardware Store	34 00				140 00
	1/28	Deposit				100 00	240 00
		Service Charge	5 00				235 00

200

- Arrange the cancelled checks numerically.

WAYNE F. CHEN
3600 WAYSIDE ROAD PH. 505-555-1200
SAN ANTONIO, TX 78218 155

WAYNE F. CHEN
3600 WAYSIDE ROAD PH. 505-555-1200
SAN ANTONIO, TX 78218 156

Pay to the

WAYNE F. CHEN 157
3600 WAYSIDE ROAD PH. 505-555-1200
SAN ANTONIO, TX 78218

Jan. 16 19 96 66-144/1031

Pay to the Order of Axle Service Station \$ 10.00

Ten and 00/100 Dollars

Alamo Bank & Trust
San Antonio, Texas 78219-0078

For Maintenance Wayne Chen

⑆103001245⑆ 50⑆11⑆5⑆2⑆

- Compare the amounts on the cancelled checks and deposits in the bank statements with the amounts written in your check register.
- Check off (✓) all cancelled checks and deposits in your check register.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT							
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	V T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE
							206 00
157	1/16	Axle Service Station	10 00				196 00
158	1/18	Photomatic, Inc.	10 00				186 00
159	1/20	Rural Gas and Electric	12 00				174 00
160	1/22	Acme Hardware Store	34 00				140 00
	1/28	Deposit				100 00	240 00
		Service Charge	5 00				235 00

- List and add the total outstanding checks (those not returned to the bank or checked in your register).

NOTE: List the check number and the amount of the check.

Jan. 28, 19 96

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount
159	12 00
Total	12 00

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE **\$ 157.00**
(Shown on this statement)

ADD + DEPOSITS MADE \$ _____
(But not shown on this statement)

TOTAL \$ _____

SUBTRACT - CHECKS OUTSTANDING \$ _____

BALANCE \$ _____
(Should agree with checkbook after subtracting any charges shown on this statement)

- List and add the total outstanding deposits.

Jan. 28, 19 96

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount
159	12 00
Total	12 00

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE **\$ 157.00**
(Shown on this statement)

ADD + DEPOSITS MADE **\$ 100.00**
(But not shown on this statement)

TOTAL \$ _____

SUBTRACT - CHECKS OUTSTANDING \$ _____

BALANCE \$ _____
(Should agree with checkbook after subtracting any charges shown on this statement)

207

- Add the total outstanding deposits to the balance shown on your statement.

Jan. 28, 19 96

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount
159	12 00
Total	12 00

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE \$ 157.00
(Shown on this statement)

ADD + DEPOSITS MADE \$ 100.00
(But not shown on this statement)

TOTAL \$ 257.00

SUBTRACT - CHECKS OUTSTANDING \$ _____

BALANCE \$ _____
(Should agree with checkbook after subtracting any charges shown on this statement)

- Subtract the total outstanding checks from the total of the bank balance and outstanding deposits.

Jan. 28, 19 96

CHECKS OUTSTANDING
(Written but not shown on statement)

Check Number	Amount
159	12 00
Total	12 00

THIS FORM WILL HELP YOU BALANCE YOUR BANK STATEMENT

BANK BALANCE \$ 157.00
(Shown on this statement)

ADD + DEPOSITS MADE \$ 100.00
(But not shown on this statement)

TOTAL \$ 257.00

SUBTRACT - CHECKS OUTSTANDING \$ 12.00

BALANCE \$ 235.00
(Should agree with checkbook after subtracting any charges shown on this statement)

- Make sure that the adjusted bank balance and the adjusted check register balance are equal.
- Circle the check register total to show that you agree with the bank.

NOTE: If you forget how to reconcile your statement, check the back of the statement for instructions.

160	1/22	Acme Hardware Store	34 00	✓			140 00
	1/28	Deposit				100 00	240 00
		Service Charge	5 00				235 00

OBJECTIVE 15

State guidelines for using an automatic teller machine (ATM) card.

NOTE: An ATM card looks very much like a credit card; it is about the same size and has a magnetic strip with a code that ATMs can read. Most banks will issue an ATM card if you have a checking account with them.

- Be sure to follow the bank's suggestions when choosing your PIN.

NOTE: A PIN is a personal identification number that will allow you to access your account. You should not use birthdates, addresses, or social security numbers as someone may easily find those numbers and use your card.

- Do not write your PIN on your ATM card or on any object in your purse or wallet.
- When using your ATM card, be careful not to let others learn your PIN.
- Safeguard your ATM card by keeping it in a safe place.
- Keep your receipts from the ATM to use in reconciling your bank statement.

- Be sure to record the withdrawal or deposit in your check register.
- If your ATM card is lost or stolen, contact your bank immediately to avoid having money illegally taken from your account.
- If you have a problem with your ATM card, contact your bank immediately.

OBJECTIVE 16

State reasons for saving money.

- Emergencies (unforeseen needs)

NOTE: Money should be set aside for unforeseen needs. It is often recommended that the amount of savings should equal at least three months' income.

- Expensive purchases
- Large recurring expenses

EXAMPLE: Insurance, car tags

- Retirement
- College
- Vacation
- Investment

OBJECTIVE 17

State factors to consider in selecting investments.

- Safety of the principal
- Growth possibilities
- Satisfactory and certain income

NOTE: Although safety of the principal is more important than satisfactory income, the rate of return and regularity should be considered.

OBJECTIVE 18

- Marketability

NOTE: Although a true investor is not interested in buying a security with the thought of selling it immediately, she or he must give consideration to this possibility.

State guidelines for saving money.

- Start now.

NOTE: It does not matter that you have only a few dollars. Any money saved is better than none.

- Make savings deposits soon after your pay is received.
- Save a realistic amount regularly.

NOTE: Do not rely on just what is left over. Many companies have a savings plan to help employees save.

- Select a savings account that meets your personal needs.

EXAMPLE: Combination savings account, Christmas Club

- Keep your savings goal(s) in mind.
- Have an emergency fund of two to three months' income.

NOTE: You will need to plan for unexpected emergencies, such as strikes, layoffs from bad weather, or fire damage. Remember, you will also need to save for large expenses like a down payment on a car or a house and taxes.

- Place any unexpected money in a savings account.

EXAMPLE: Gifts, tax refunds

- Read consumer articles before buying large items.

EXAMPLE: *Consumer Reports*

- Pay cash when possible.
- Carry little cash with you to resist impulse purchases.

OBJECTIVE 19

- Include the whole family in financial planning.

NOTE: Agree to discuss all purchases over a certain dollar amount before the transaction is made.

- "Sleep on it" before making large purchases.

NOTE: Things often look different after a passage of time.

Match types of savings methods to their correct descriptions.

NOTE: Although using the "cookie jar" method to put aside money is often convenient and effective, money placed in an institution may produce interest for the saver and protects the saver against loss or theft.

- **Passbook savings account** — Savings account that allows deposits and withdrawals to be made in varying amounts at any time

NOTE: The amount of interest a person earns depends on the annual rate of interest, the method of calculating interest, the number of times per year the interest is compounded, and the length of time the money is in savings.

- **Certificate of deposit** — Money deposited for a set period of time; earns a set annual rate of interest

NOTE: A certificate of deposit is also called a *CD*, *savings certificate*, *time deposit*, or *time account*.

- **Endowment insurance** — Type of life-insurance policy that combines savings features in addition to the protection afforded the policyholder

- **Annuity** — Type of protection purchased from an insurance company for the purpose of providing income for the policyholder until death

NOTE: An annuity can be bought in one lump sum or in regular payments. In return for this sum of money, the insurance company will pay a stated monthly or yearly income for a set number of years or for life. Payments usually begin when the policyholder retires.

- **Employee savings plan** — Specific plan involving savings features for a worker

NOTE: Some of these plans involve saving through regular institutions by payroll deduction. Others, such as specialized savings plans, are included among the fringe benefits for an organization's employees. Sometimes the employer will match the employee's contributions. Various pension and profit-sharing plans involve savings features for employees.

- **Retirement account** — Savings plan that helps people establish financial security for the time when they are no longer working

EXAMPLE: *Individual Retirement Account (IRA)* is an account to which taxpayers may make annual tax deductible contributions up to a set amount. The funds in the account accumulate and earn interest and may not be withdrawn before retirement without penalty. *Keogh Plan* is a retirement account for a self-employed person.

OBJECTIVE 20

Match types of financial institutions that offer savings plans to their correct descriptions.

NOTE: Saving money in a financial institution offers two big advantages. It provides a safe place to keep money and a way to earn interest or dividends.

- **Commercial bank** — Financial institution owned and operated by its stockholders for profit; often called a *full-service bank* because it offers a variety of services

NOTE: Because of the wide variety of services, commercial banks offer a great deal of convenience for consumers. This is especially true for those who want their savings accounts in the same place as their checking accounts.

- **Stock savings bank** — Financial institution owned by shareholders who receive dividends on bank earnings; may offer higher interest rates for savings accounts and time deposits than commercial banks

NOTE: A time deposit is money deposited in a savings account for six months or longer to receive higher interest.

- **Credit union** — Nonprofit financial institution owned and operated by its members to save and borrow money; usually offers higher interest rates on savings than commercial banks

213

- **Mutual savings bank** — Financial institution specializing in savings accounts and owned by its depositors; usually the earnings paid on savings are slightly higher than those paid at commercial banks

OBJECTIVE 21

Complete Assignment Sheet 2.

Opening a Checking or Savings Account

Steps in opening an account:

1. Fill out a signature card, giving personal information.

EXAMPLE: Name, address, phone number, social security number

2. Sign your name on the signature card.

☒ **NOTE:** A minor child's account requires the signature of a parent or guardian.

3. Fill out an account deposit slip.

☒ **NOTE:** List all checks, currency (bills), and coins to be deposited. Be certain to endorse all checks.

4. Give the completed materials to the person opening your account.

☒ **NOTE:** Order checks printed with your name and address to access your checking account. (The bank will provide a few unnumbered ones until yours arrive.) This will save you time identifying yourself when writing a check. Withdrawals from your savings account can be made with a savings withdrawal slip provided by the bank.

Determine which of the three following accounts you want to open and complete the following sample form that a bank would use to open the account for you.

Individual — Checking account on which only one person can write checks; usually used by single people

Joint — Checking account on which two or more persons can legally write checks; usually used by married people

May be photocopied for student use.

215

Money market — Checking account that earns interest; usually has a small number of checks that can be written on it each month and requires a larger minimum amount to open than other types of checking accounts

NOTE: Because the balance must remain at a certain amount, this type of account may draw higher interest than other accounts.

Writing Checks

Writing checks will most likely be an important part of your life. If you pay a person in cash, you count your money carefully. It is also very important to write checks carefully. Too much money paid out will be a loss to you. For instance if you forget a decimal point, \$10.00 becomes \$1000. Be sure that you spell out the dollar amount. This will help you avoid overpayment.

Part 1

Fill in the following blank checks with the information given above each one. Be sure to write the checks in ink. Fill in all of the spaces. Write clearly.

1. a. *Date:* January 7, 1997
- b. *Payee:* Carter Hardware
- c. *Amount:* \$50.00
- d. *Amount Written:* Fifty and 00/100 dollars
- e. *Memo:* For lumber
- f. *Signature:* Your name

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of _____	_____19_____	\$ _____
_____ Dollars		
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For _____		
⑆103001245⑆ 60⑆11⑆512⑆		

May be photocopied for student use.

217

2. a. *Date:* January 10, 1997
- b. *Payee:* Ace Plumbing Company
- c. *Amount:* \$23.52
- d. *Amount Written:* Twenty-three and 52/100 dollars
- e. *Memo:* Faucets
- f. *Signature:* Your name

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
<i>Pay to the</i> <i>Order of</i> _____	_____ 19 _____	\$
		_____ Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0078		
<i>For</i> _____		
⑆103001245⑆ ⑆0111512⑆		

3. You are planning a surprise birthday party for your mother. You want to buy party favors and ingredients for a cake. At the General Food grocery store, you write a check for \$18.50. Fill out the check below as you would for the grocery store purchase. The date is January 18, 1997.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
<i>Pay to the</i> <i>Order of</i> _____	_____ 19 _____	\$
		_____ Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0078		
<i>For</i> _____		
⑆103001245⑆ ⑆0111512⑆		

May be photocopied for student use.

4. You have a new puppy at home, and your mom says that the dog must stay outside. You go to Anderson's Lumber Company to buy nails and lumber for a doghouse. The materials cost \$12.36. Write the check below as you would for the lumber company purchase. The date is January 21, 1997.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of	_____19_____ \$	
_____ Dollars		
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For _____		
⑆103001246⑆ 50⑆11⑆5⑆2⑆		

Part 2

Fill in the following blank checks with the information learned from the descriptions above each one. Be sure to write the checks in ink. Fill in all spaces. Write clearly.

1. Your younger brother had a wreck on his bicycle. He broke his front wheel and rim. You felt so sorry for him that you bought him a new rim today. Write a check to Bill Smith's Bike Repair Shop for \$18.48. Date the check January 12, 1997.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of	_____19_____ \$	
_____ Dollars		
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For _____		
⑆103001246⑆ 50⑆11⑆5⑆2⑆		

May be photocopied for student use.

213

2. Yesterday, January 16, when you started home, the brakes on your car went out. You took the car to Car Company repair shop to be fixed. Repairs cost \$135.00. Write a check to pay for the job.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160 66-144/1031
Pay to the Order of _____	_____19____	\$
_____ Dollars		
Alamo Bank & Trust San Antonio, Texas 78219-0078		
For _____		
⑈103001245⑈ 80⑈11⑈5⑈2⑈		

200

May be photocopied for student use.

Part 1

1. Write the checking account deposit slip below, using the following information:

CHECKING ACCOUNT DEPOSIT TICKET			
NAME _____	CASH	CURRENCY	
		COIN	
	1ST CHECK DEPOSIT		
	TOTAL FROM OTHER SLIP		
DATE _____ 19____	TOTAL		
	1ST CASH RECEIVED		
	NET DEPOSIT		



98-00
1090

USE OTHER SIDE FOR
ADDITIONAL LISTING

RE SLIP EACH ITEM IS
PROPERLY ENDORSED

ALAMO BANK & TRUST

ACCOUNT NO. _____

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

221

2. Write the checking account deposit slip below, using the following information:

Your check is \$86.40.

You need \$25.00 in cash.

Your account number is 17-1203.

The date is 1-8-97.

CHECKING ACCOUNT DEPOSIT TICKET																											
NAME _____	<table border="1"><tr><td rowspan="2">CASH</td><td>CURRENCY</td><td></td></tr><tr><td>COIN</td><td></td></tr><tr><td colspan="2">LIST CHECKS SEPARATELY</td><td></td></tr><tr><td colspan="2"></td><td></td></tr><tr><td colspan="2"></td><td></td></tr><tr><td colspan="2">TOTAL FROM OTHER SIDE</td><td></td></tr><tr><td colspan="2">TOTAL</td><td></td></tr><tr><td colspan="2">LESS CASH RECEIVED</td><td></td></tr><tr><td colspan="2">NET DEPOSIT</td><td></td></tr></table>	CASH	CURRENCY		COIN		LIST CHECKS SEPARATELY									TOTAL FROM OTHER SIDE			TOTAL			LESS CASH RECEIVED			NET DEPOSIT		
CASH	CURRENCY																										
	COIN																										
LIST CHECKS SEPARATELY																											
TOTAL FROM OTHER SIDE																											
TOTAL																											
LESS CASH RECEIVED																											
NET DEPOSIT																											
DATE _____ 19____	96-00 1090 USE OTHER SIDE FOR ADDITIONAL LISTING BE SURE EACH ITEM IS PROPERLY ENDORSED																										
ALAMO BANK & TRUST																											
ACCOUNT NO. _____																											
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT																											

222

May be photocopied for student use.

- Currency (bills) \$24.00
Coin \$ 3.50
Check \$10.00
Your account number is 204-1070.
Use the current date.

SAVINGS DEPARTMENT THE STUDENTS' BANK OF OKLAHOMA		
19		
ACCT. NO.		
This deposit accepted subject to the rules and regulations of the bank appearing on the signature card.		
	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS AS FOLLOWS		
TOTAL		
PLEASE ENDORSE ALL CHECKS AND DRAFTS		

- You need \$15.00 in cash.
Your account number is 204-1070.
Use the current date.

SAVINGS DEPARTMENT		
THE STUDENTS' BANK OF OKLAHOMA		
		_____ 19____
ACCT. NO.		
This deposit accepted subject to the rules and regulations of the bank appearing on the signature card.		
	DOLLARS	CENTS
CURRENCY		
COIN		
CHECKS AS FOLLOWS		
TOTAL		
PLEASE ENDORSE ALL CHECKS AND DRAFTS		

Part 2

Fill in the following deposit slips with the information learned from the description above each one.

1. You worked part time with a carpenter last summer. Now you work on Saturdays at a lumber company. You have saved \$200.00 in currency. Your last paycheck was \$125.00. You also have \$12.80 in change. You decide to open a checking account. You want to deposit everything in your checking account. Your account number is 17-1203, and the date is January 15, 1997.

CHECKING ACCOUNT DEPOSIT TICKET																																									
NAME _____	<table border="1"><tr><td>CASH</td><td>CURRENCY</td><td></td><td></td></tr><tr><td></td><td>COIN</td><td></td><td></td></tr><tr><td colspan="4">LIST CHECKS SEPARATELY</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td colspan="2">DATE _____ 19____</td><td colspan="2">TOTAL FROM OTHER SIDE</td></tr><tr><td colspan="2"></td><td colspan="2">TOTAL</td></tr><tr><td colspan="2"></td><td colspan="2">LESS CASH RECEIVED</td></tr><tr><td colspan="2"></td><td colspan="2">NET DEPOSIT</td></tr></table>	CASH	CURRENCY				COIN			LIST CHECKS SEPARATELY																DATE _____ 19____		TOTAL FROM OTHER SIDE				TOTAL				LESS CASH RECEIVED				NET DEPOSIT	
CASH		CURRENCY																																							
		COIN																																							
LIST CHECKS SEPARATELY																																									
DATE _____ 19____		TOTAL FROM OTHER SIDE																																							
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		LESS CASH RECEIVED																																							
		NET DEPOSIT																																							
ALAMO BANK & TRUST																																									
ACCOUNT NO. _____																																									
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT																																									

96-00

1090

USE OTHER SIDE FOR
ADDITIONAL LISTING

BE SURE EACH ITEM IS
PROPERLY ENDORSED

225

May be photocopied for student use.

2. Your paycheck was \$91.00. Aunt Kathy sent you a check for \$10.00 for your birthday. You sold your bike to Brian Foster for \$35.00. He paid you with a check. You want to deposit in your checking account all but \$10.00, which the bank will return to you in cash. Your account number is 17-1203, and the date is January 22, 1998.

CHECKING ACCOUNT DEPOSIT TICKET																											
NAME _____	<table border="1"><tr><td rowspan="2">CASH</td><td>CURRENCY</td><td></td></tr><tr><td>COIN</td><td></td></tr><tr><td colspan="2">1ST CHECKS ONLY</td><td></td></tr><tr><td colspan="2"></td><td></td></tr><tr><td colspan="2"></td><td></td></tr><tr><td colspan="2">TOTAL FROM OTHER BANK</td><td></td></tr><tr><td colspan="2">TOTAL</td><td></td></tr><tr><td colspan="2">LESS CASH RECEIVED</td><td></td></tr><tr><td colspan="2">NET DEPOSIT</td><td></td></tr></table>	CASH	CURRENCY		COIN		1ST CHECKS ONLY									TOTAL FROM OTHER BANK			TOTAL			LESS CASH RECEIVED			NET DEPOSIT		
CASH	CURRENCY																										
	COIN																										
1ST CHECKS ONLY																											
TOTAL FROM OTHER BANK																											
TOTAL																											
LESS CASH RECEIVED																											
NET DEPOSIT																											
DATE _____ 19____	96-00 1090 USE OTHER SIDE FOR ADDITIONAL LISTING BE SURE EACH ITEM IS PROPERLY ENDORSED																										
ALAMO BANK & TRUST																											
ACCOUNT NO. _____																											
CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.																											

226

May be photocopied for student use.

Keeping a Check Register

Return to Supplements 2 and 3. Record on the check register below all checks written and all deposits made. You should have 14 entries.

NOTE: When writing real checks or deposits, **always** record the amount in your check register at once.

CHECK REGISTER

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)		V T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE	

REMEMBER TO RECORD AUTOMATIC PAYMENTS/DEPOSITS ON DATE AUTHORIZED

May be photocopied for student use.

229

Reconciling a Bank Statement

At the end of the month, you will receive a statement from the bank. It will tell you how much money you have in your checking account. It is important that you reconcile your bank statement every month. If you have a problem balancing your account, — people at the bank can help you.

Part 1

For this exercise, you will need to use the check register you completed in Supplement 4. Reconcile your check register with the following bank statement. Refer to your Information Sheet, and complete on the back of the following bank statement.

BANK STATEMENT				
Date of Statement: January 30, 1997				
DATE	#	CHECK	DEPOSIT	BALANCE
1-6			69.35	69.35
1-7	1731	50.00		19.35
1-8			61.40	80.75
1-10	1732	23.52		57.23
1-12	1733	18.48		38.75
1-15			337.80	376.55
1-16	1734	135.00		241.55
1-18	1735	18.50		223.05
1-21	1736	12.36		210.69
		4.82 SC		*205.87

*LAST AMOUNT IN
THIS COLUMN IS
YOUR BALANCE

NOTE: Only deposits dated January 1997 have been used on the statement.

May be photocopied for student use.

230

REVERSE SIDE OF BANK STATEMENT

January 30, 1997

Subtract Service Charge (SC) from your
check register balance

Subtract outstanding checks (checks
written but not shown on this
statement)

Check No.	Amount
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total _____

Bank balance _____
amount shown
on this statement

Add deposits
made but not
shown on this
statement

Total _____

Subtract checks
outstanding

Balance amount
should agree
with check
register

231

May be photocopied for student use.

Part 2

Prepare a reconciliation statement. Refer to objective 14 on your Information Sheet and complete the back of the following bank statement.

Sam Levin's check register balance on June 30 was \$482.35. His June 30 bank statement showed a balance of \$512.36. A service charge of \$1.75 for June had not been recorded in the check register. The following checks were outstanding: No. 69 for \$3.87; No. 71 for \$15.95; No. 74 for \$7.68; No. 75 for \$4.26.

BANK STATEMENT				
Date of Statement: June 30, 1998				
DATE	#	CHECK	DEPOSITS	BALANCE
6-1				484.43
6-3	70	14.00		470.43
6-10			50.00	520.43
6-16	73	6.32		514.11
6-29		1.75 SC		*512.36

*LAST AMOUNT IN
THIS COLUMN IS
YOUR BALANCE

May be photocopied for student use. 232

REVERSE SIDE OF BANK STATEMENT

June 30, 1998

Subtract Service Charge (SC) from your
checkbook balance

Subtract outstanding checks (checks
written but not shown on this
statement)

Check No. Amount

Total _____

Bank balance
amount shown
on this statement

Add deposits
made but not
shown on this
statement

Total

Subtract checks
outstanding

Balance amount
should agree
with checkbook
register

233

May be photocopied for student use.

Signature Card

THE STUDENTS' BANK OF OKLAHOMA			
ACCT. # _____			
TYPED ACCOUNT TITLE _____			
HOME ADDRESS _____		HOME PHONE _____	
SS# _____	TYPE OF ACCT. _____	INDIVIDUAL _____	JOINT _____
		OTHER _____	
BUSINESS OR EMPLOYER _____			
FORMER BANK REFERENCE _____		AFFILIATED ACCOUNTS _____	
REFERRED BY _____	INITIAL DEPOSIT _____	DATE OPENED _____	
OPENED BY _____	ASSIGNED TO _____		
REMARKS _____			

Front

DEPOSITOR'S CONTRACT	ACCOUNT # _____
----------------------	-----------------

Bank is authorized to recognize any signature on this card in payment of funds or transaction of business for this Account. Checks and other items for deposit or collection are accepted subject to the conditions set forth herein. Bank acts only as Depositors' collecting agent, and assumes no responsibility beyond its exercise of due care. All checks and other items are credited to Depositors' Account, subject to final payment, and to receipt of proceeds of final payment in cash or its equivalent by Bank at its office. Bank may forward checks and other items to correspondent banks for collection, and Bank shall not be liable for default or negligence of correspondents, or for losses of checks and other items while in transit. Checks, other items, and their proceeds may be handled by any Federal Reserve Bank in accordance with applicable Federal Reserve Rules, and by Bank or any of its correspondents, in accordance with common bank usage or other lawful means. Bank may charge back to the Depositors' Account any check or item which is drawn against insufficient funds or which is otherwise not good or payable. Any checks or other item received after Bank's regular cut-off time shall be deemed received the next business day. In collecting items, Bank and any subsequent collecting Bank is hereby designated an agent of each Depositor.

The Account, if a checking account, whether active or inactive, shall be subject to Bank's schedule of service charges in effect from time to time.

No stop payment request, renewal, or revocation shall be valid until received in writing of Bank.

If Account has been opened by any person for the benefit of a minor, and, if withdrawals may be made by such minor, all other Depositors agree to indemnify and hold Bank harmless against loss or liability arising therefrom.

If this is a Joint Account, Depositors agree with each other and Bank that all present and future funds in the Account shall be the joint property of the Depositors, owned as Joint Tenants with the Right of Survivorship, and not as Tenants in Common. Upon the death of a joint Tenant Depositor, any balance in the Account shall become the property of the surviving Depositor(s), who shall become the absolute owner(s) of said Account as between such surviving Depositor(s) and Bank.

Each Depositor, and any other person appearing to have an interest in the Account, agrees that all sums credited to the Account, including items in transit, are subject to Bank's right of lien or set-off for any obligation to Bank from any one or more of the Depositors.

Withdrawals made by any Depositor, including a surviving Depositor, shall be valid and binding as to any other Depositor, and shall discharge Bank from any liability by reason of such withdrawal.

The terms hereof shall apply to and be binding upon each signatory party, and on each non-signatory party owning an interest in the Account, their personal representatives, heirs, devisees, successors and assigns, referred to herein as Depositor, Depositors or Depositor(s), as the context required.

The terms hereof are in addition to the terms contained in any Passbook issued by Bank in connection with said Account and to the extent of any conflict or contradiction between the terms hereof and the terms of said Passbook, the terms of said Passbook shall control.

SIGNATURE _____

SIGNATURE _____

Back

May be photocopied for student use.

234

Checking Account Deposit Slip

May be photocopied for student use.

TRANSPARENCY MASTER 2 - Development of Financial Skills
CJMC - 5 - 61

Amount to be deposited separated into currency, coin, or check

Name of depositor

Complete address of depositor

Depositor's account number

Customer initials for cash deduction

Net deposit to be credited to account

Total of checks currency, and coin

CHECKING ACCOUNT DEPOSIT TICKET

NAME _____

DATE _____ 19____

ALAMO BANK & TRUST

ACCOUNT NO. _____

CASH	CURRENCY		
	COIN		
LIST CHECKS SEPARATELY			
TOTAL FROM OTHER SIDE			
TOTAL			
LESS CASH RECEIVED			
NET DEPOSIT			

96-00
1090

USE OTHER SIDE FOR ADDITIONAL LISTING

BE SURE EACH ITEM IS PROPERLY ENDORSED

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

Savings Withdrawal Slip

Account number

Amount to be
withdrawn from
account in figures

Date of
withdrawal

Account No. _____

\$ _____

_____, 19____

Received of

THE STUDENTS' BANK OF OKLAHOMA

____ DOLLARS

SAVINGS BANK ACCOUNT

Amount to be withdrawn
from account written out

Signature of person
withdrawing money
from the account

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TRANSPARENCY MASTER 4 · Development of Financial Skills
CIMC · 5 · 65

Blank Personal Check

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TRANSPARENCY MASTER 5 · Development of Financial Skills
CIMC · 5 · 67

Account holder's name, address, and phone number

Check number

Place for date

Place for dollar amount in numbers

Place for payee's name

Place for written dollar amount

Place to write what check was written for

Checking account number

Place for account holder's signature

WAYNE F. CHEN
3600 WAYSIDE ROAD PH. 505-555-1200
SAN ANTONIO, TX 78218

160
66-144/1031

19

Pay to the Order of \$

Dollars

Alamo Bank & Trust
San Antonio, Texas 78219-0078

For

⑆103001245⑆ 50⑆11⑆5⑆2⑆

Completed Personal Check

May be photocopied for student use.

TRANSPARENCY MASTER 6 • Development of Financial Skills
CIMC • 5 • 69

Payee's name Date Amount of check in numbers

WAYNE F. CHEN
3600 WAYSIDE ROAD PH. 505-555-1200
SAN ANTONIO, TX 78218

160
66-144/1031

Pay to the Order of Acme Hardware \$ 34.00

Thirty-four and ⁰⁰/₁₀₀ Dollars

Alamo Bank & Trust
San Antonio, Texas 78219-0075

For vacat Wayne Chen

Reason for writing check Signature

Amount of check in words

⑆103001245⑆ 50⑆11⑆512⑆

243

242

TM 6

Blank Check Register

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE		

REMEMBER TO RECORD AUTOMATIC PAYMENTS/DEPOSITS ON DATE AUTHORIZED

\$ FIRST

STATEMENT DATE	699	T
	8	1
CHECKING ACCT. NO.	07	28
	F	26

PAGE
1 OF 1

BALANCE LAST STATEMENT	TOTAL AMOUNT OF CHECKS PAID	NO. OF CHECKS PAID	NO. OF DEPOSITS	TOTAL AMOUNT OF DEPOSITS MADE	SERVICE CHARGES	BALANCE THIS STATEMENT

[illegible]

LAST AMOUNT
IN THIS COLUMN
IS YOUR BALANCE

KINDLY NOTIFY THIS BANK IMMEDIATELY OF CHANGE OF ADDRESS

Bank Statement (Back)

STATEMENT RECONCILIATION

**THIS FORM IS PROVIDED TO HELP YOU
BALANCE YOUR CHECKBOOK**

PERIOD FROM _____ TO _____ 19____

STEP 1

Subtract the service charge shown on this statement from your current checkbook balance to arrive at your NEW CHECKBOOK BALANCE.

STEP 2

Remember to record any preauthorized or automatic transactions in your register.

STEP 3

Add the monthly interest paid to your balance on your register.

STEP 4

Check off in your checkbook all checks and deposits shown on this statement. IN THE SPACE PROVIDED AT RIGHT, LIST ANY CHECKS OUTSTANDING OR DEPOSITS NOT CREDITED.

STEP 5

Complete the following to balance this statement to your new checkbook balance:

BANK BALANCE SHOWN ON THIS STATEMENT \$ _____

ADD DEPOSITS NOT CREDITED (if any) + _____

SUBTOTAL = \$ _____

SUBTRACT CHECKS
OUTSTANDING (if any) - _____

TOTAL = \$ _____

*Total above should agree with your new checkbook balance.

LIST CHECKS OUTSTANDING

[illegible]

May be photocopied for student use.

247

**ASSIGNMENT
SHEET 1**

USING FINANCIAL SERVICES

5

Name _____ Score _____

OBJECTIVE 3

Compare local banking services.

INTRODUCTION

Banks vary in the interest they pay and charge, the types of accounts and services they provide, and the ease with which you can use them. Comparative shopping will help you find the right one.

INSTRUCTIONS



Reading Comprehension

- Gain factual information
- Distinguish fact, opinion and inference
- Draw conclusions

Research and Reference

- Select useful resources
- Locate resources

Functional Reading

- Follow written instructions
- Use content area vocabulary



Research

- Take notes

Functional Writing

- Complete forms and records

Banks provide many services for individuals, families, and businesses. Select two or more banks in the community, and determine the services offered. Use the table on the following page to compare the services.

	Bank #1	Bank #2	Bank #3	Bank #4
Name of Bank				
Safe-Deposit Accounts				
Free Checking Accounts				
Types of Loans (Home, Auto, Etc.)				
Loan Rates				
Interest Rates on Savings Accounts				
Bank by Mail Service				
Drive-In Service				
24-Hour Deposit				
Adequate Parking				
Travel Service				
Financial and Tax Service				

**ASSIGNMENT
SHEET 2**

USING FINANCIAL SERVICES

5

Name _____ Score _____

OBJECTIVE 21

Develop a savings plan.

INTRODUCTION

Saving is putting away money from your present income for use sometime in the future. The greatest incentive to save is provided when savings have a purpose, such as for a new stereo or new tires for your car. Later, saving for a down payment on a home may become important.

INSTRUCTIONS



Reading Comprehension

- Draw conclusions
- React to written material
- Functional Reading
- Follow written instructions
- Use content area vocabulary



Language

- State ideas clearly



Operation and Calculation

- Calculate with decimals
- Math Application
- Solve word problems
- Select/apply mathematical procedure
- Functional Math
- Solve practical problems
- Solve interest problems

Part 1

Make a personal savings plan. List the five biggest and most important items that you are going to need or want in the next year and their costs.

EXAMPLE: Stereo, car, furniture

ITEM	ESTIMATED COST
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

TOTAL _____

1. What method of saving will you choose?

Where will you put your savings?

Why? _____

2. Will you save money from each paycheck? _____

If yes, how much? _____

If no, how will you accumulate the amount needed? _____

3. Do you see yourself taking a second job or working extra hours at your present job? _____

Why? _____

4. Do you think you can obtain these items? _____

Explain your answer. _____

Part 2

Money saved at home does not earn any money; money saved in a savings institution does. Money that is paid by a savings institution is usually paid by a savings plan called *compounded interest*.

Compounded interest is interest that is paid on all the accumulated interest earned in the preceding period as well as on the amount deposited by the saver. More simply said, compounded interest is money that money earns.

Interest can be compounded at different times such as semi-annually or quarterly. Suppose you deposited \$100.00 in a savings account on January 1. The interest is compounded semi-annually at 8 percent per year. On June 30, \$4.00 made from interest would be put into your account, making the balance in your account \$104.00

EXAMPLE: $\$100.00 \times 8 \text{ percent} = \$8.00 \div 2 = \$4.00$

$\$100.00 + \$4.00 = \$104.00$ balance in the savings account as of June 30.

NOTE: The 2 was used for dividing because semi-annually means one-half of a year. If the interest were compounded quarterly, 4 would have been used for dividing.

Now your savings account has \$104.00. On December 31, \$4.16 was put into the account.

EXAMPLE: $\$104.00 \times 8 \text{ percent} = \$8.32 \div 2 = \$4.16$

$\$104.00 + \$4.16 = \$108.16$ balance in the savings account as of December 31.

Figure the amounts of interest earned in the following problems. Circle your answers.

1. How much money would you have in your savings account at the end of two years if you had put \$500.00 in your account at 9 percent interest compounded semi-annually? Show your work in the space below.

2. How much money would you have at the end of the year if you put \$200.00 in a savings account at a 10 percent interest rate compounded quarterly? Show your work in the space below.

3. Which savings account would you advise someone to put his or her money into—one that is compounded semi-annually or one that is compounded quarterly?

Explain your answer. _____

WRITTEN
TEST

USING FINANCIAL SERVICES

5

Name _____ Score _____

OBJECTIVE 1

Match terms associated with financial services to their correct definitions. Write the correct letters in the blanks. Definitions are continued on the next page.

- | | |
|-------------------------|------------------------------------|
| A. balance | S. Standard and Poor's |
| B. bank statement | T. securities |
| C. checking account | U. preferred stock |
| D. cancelled check | V. common stock |
| E. check register | W. broker |
| F. deposit | X. savings account |
| G. endorse | Y. over-the-counter stocks |
| H. check | Z. dividend |
| I. payee | AA. Dow Jones average |
| J. reconcile | BB. yield |
| K. outstanding checks | CC. investor |
| L. service charge | DD. stock split |
| M. stop payment | EE. automatic teller machine (ATM) |
| N. outstanding deposits | FF. bull market |
| O. withdrawal slip | GG. bear market |
| P. depositor | HH. bond |
| Q. void | II. mutual fund |
| R. overdraft | JJ. New York Stock Exchange |

- _____ 1. Check that has been paid by the bank
- _____ 2. Money placed in a bank account
- _____ 3. Amount of money a checking account holder has in the bank
- _____ 4. Bank account against which a depositor may write checks
- _____ 5. Monthly report provided by the bank of deposits, checks, service charges, and balances
- _____ 6. Part of a checkbook in which the account holder keeps a record of checks, deposits, service charges, and the account balance

254

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- _____ 7. Fee a bank charges for its services
- _____ 8. Instructions to the bank from a customer requesting that the bank not pay a check
- _____ 9. To sign your name on the back of a check written to you
- _____ 10. Person or business to receive payment; person or business to whom you write the check
- _____ 11. Form similar to a check; used to withdraw money from a savings account
- _____ 12. To make the check register agree with the bank statement balance
- _____ 13. Check written when no money or not enough money is in the checking account
- _____ 14. Person who places money in a bank account
- _____ 15. Those deposits that have not reached and been recorded by the bank; they do not appear on the bank statement
- _____ 16. Not legally binding, useless
- _____ 17. Those checks that have not reached and been recorded by the bank; they do not appear on the bank statement
- _____ 18. Form used to withdraw money from a checking account
- _____ 19. Machine that allows a person to deposit or withdraw money from the bank 24 hours a day
- _____ 20. Time when the average price of all stocks drops because of the widespread selling of stocks
- _____ 21. Certificate of indebtedness issued by a corporation or the government which agrees to pay back the money loaned by an investor on a certain date with a set interest rate
- _____ 22. Member of an organized exchange who acts as an agent in buying and selling securities for his or her customers

- _____ 23. Time when the average price of all stocks rises because of the widespread buying of stocks
- _____ 24. Stock with no fixed dividend rate; dividend is based upon earnings and paid after the preferred stock dividend has been paid
- _____ 25. Money paid to the stockholders or depositors from profits
- _____ 26. Average prices of selected well-known (blue-chip) stocks which are announced to brokers several times a day
- _____ 27. Person who gives money to a company or person with the idea of receiving interest for the use of his or her money
- _____ 28. Largest securities research organization in the country
- _____ 29. Open auction market where buyers compete with other buyers to purchase securities at the lowest possible price, and sellers compete with other sellers to sell at the highest possible price
- _____ 30. Group of people who pool their money, invest in a variety of stocks, and share the dividends
- _____ 31. Stocks that are not traded on an exchange but by traders at investment companies who compete to create a market
- _____ 32. Stock with a set dividend rate which is paid before common stockholders receive anything
- _____ 33. Evidence of debt on property, such as a bond or stock certificate
- _____ 34. Bank account on which interest is paid by the bank
- _____ 35. Return on an investment
- _____ 36. Process by which the number of outstanding shares of a company's stock is increased, but the dollar amount of capital remains the same

OBJECTIVE 2

Select from a list functions of a bank. Write an "X" in the blank before each correct answer.

- ☐ A. To receive deposits
- ☐ B. To insure that customers get paychecks
- ☐ C. To provide checking and savings accounts
- ☐ D. To assist in applying for a social security card
- ☐ E. To prevent customers from overdrafting their accounts
- ☐ F. To transfer money from one account to another
- ☐ G. To provide helpful services
- ☐ H. To make loans to businesses and individuals

OBJECTIVE 3

Evaluated on Assignment Sheet 1.

OBJECTIVE 4

Discuss the benefits of having a checking account. Include four specific benefits.

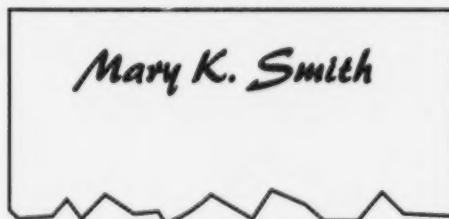
- _____
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257

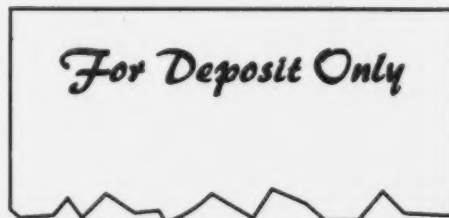
May be photocopied for student use.

OBJECTIVE 5

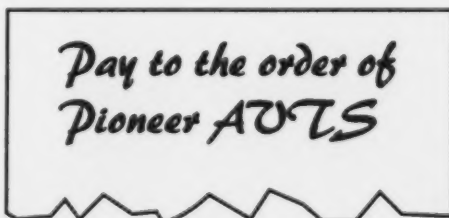
Identify types of check endorsements. Write the correct names in the blanks.



1. _____



2. _____



3. _____

OBJECTIVE 6

Explain how to stop payment on a check.

OBJECTIVE 7

Select from a list points to remember when writing a check.
Write an "X" in the blank before each correct answer.

- ___ A. Write in pencil.
- ___ B. Write in ink.
- ___ C. Write clearly.
- ___ D. Print only.
- ___ E. Let the payee fill in amount of the check.
- ___ F. Fill in all of the blanks.
- ___ G. Use the correct date.
- ___ H. Omit all of the decimals.
- ___ I. Cross out and erase if necessary.
- ___ J. Place the decimal correctly.
- ___ K. Write the amount in words as far to the left as possible in the space given; fill in the unused portion with a wavy line.
- ___ L. Sign all the checks as soon as the bank sends them to you.
- ___ M. Never sign a blank check.
- ___ N. Do not cross out or erase on the check.

OBJECTIVE 8

Write a check. Use the following information and today's date to write a check.

You pay Jones Auto Company \$112.38 for two tires.

WAYNE F. CHEN 3600 WAYSIDE ROAD PH. 505-555-1200 SAN ANTONIO, TX 78218		160
Pay to the Order of _____	_____ 19 _____	BB-144/1031
		\$ _____
		_____ Dollars
Alamo Bank & Trust San Antonio, Texas 78219-0178		
For _____		
⑆103001245⑆ 50⑆11⑆5⑆2⑆		

OBJECTIVE 9

Select from a list points to remember when filling out a deposit slip. Write an "X" in the blank before each correct answer.

- _____ A. Write your social security number on the deposit slip.
- _____ B. Write your name and account number on the deposit slip.
- _____ C. Get a copy of the deposit slip with the bank stamp on it.
- _____ D. Write the date on the deposit slip.
- _____ E. Sign the deposit slip to receive cash.
- _____ F. Endorse the back of the deposit slip.
- _____ G. Endorse all of the checks listed.

OBJECTIVE 12

Enter checks, deposits and service charges in a check register. Show addition, subtraction, and new balance.

Check #104 — \$50.00; date 1/11/96; to Deal's Hardware

Check #105 — \$12.00; date 1/14/96; to Acme Electric Co.

Deposit — \$100.00; date 1/9/96

Service charge — \$1.85

[illegible]

OBJECTIVE 13

State reasons for reconciling a bank statement. List four specific reasons.

-
-
-
-

OBJECTIVE 14

Reconcile a bank statement. Using the following information, reconcile a bank statement.

Your bank statement shows you have a total of \$321.40 in the bank; your checkbook shows a balance of \$343.55. As you compare your check register to your bank statement, you find two checks have not been cashed (one for \$19.75 and one for \$12.10) and one deposit has not been recorded (\$66.00). Your service charge for the month of August was \$2.50.

REVERSE SIDE OF BANK STATEMENT	
January 30, 1997	
Subtract Service Charge (SC) from your check register balance	Bank balance amount shown on this statement

_____	Add deposits made but not shown on this statement

Subtract outstanding checks (checks written but not shown on this statement)	Total

Check No. Amount	Subtract checks outstanding
_____	_____

_____	Balance amount should agree with check register
_____	_____

Total	

OBJECTIVE 15

State guidelines for using an automatic teller machine (ATM) card. List six.

- _____
- _____
- _____
- _____
- _____
- _____

OBJECTIVE 16

State reasons for saving money. List five.

- _____
- _____
- _____
- _____
- _____

OBJECTIVE 17

State factors to consider in selecting investments. List four factors.

- _____
- _____
- _____
- _____

OBJECTIVE 18

State guidelines for saving money. List eight guidelines.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

OBJECTIVE 19

Match types of savings methods to their correct descriptions.
Write the correct letters in the blanks.

- | | |
|---------------------------|-----------------------------|
| A. employee savings plan | D. passbook savings account |
| B. certificate of deposit | E. retirement account |
| C. annuity | F. endowment insurance |

- _____ 1. Savings account that allows deposits and withdrawals to be made in varying amounts at any time
- _____ 2. Type of protection purchased from an insurance company for the purpose of providing income for the policyholder until death
- _____ 3. Type of life-insurance policy that combines savings features in addition to the protection afforded to the policyholder
- _____ 4. Money deposited for a set period of time; earns a set annual rate of interest
- _____ 5. Specific plan involving savings features for a worker
- _____ 6. Savings plan that helps people establish financial security for the time when they are no longer working

OBJECTIVE 20

Match types of financial institutions that offer savings plans to their correct descriptions. Write the correct letters in the blanks.

- | | |
|--------------------|------------------------|
| A. credit union | C. mutual savings bank |
| B. commercial bank | D. stock savings bank |

- _____ 1. Financial institution owned and operated by its stockholders for profit; often called a *full-service bank* because it offers a variety of services
- _____ 2. Financial institution specializing in savings accounts and owned by its depositors; usually the earnings paid on savings are slightly higher than those paid at commercial banks
- _____ 3. Nonprofit financial institution owned and operated by its members to save and borrow money; usually offers higher interest rates on savings than commercial banks
- _____ 4. Financial institution owned by shareholders who receive dividends on bank earnings; may offer higher interest rates for savings accounts and time deposits than commercial banks

OBJECTIVE 21

Evaluated on Assignment Sheet 2.

ANSWERS**USING FINANCIAL SERVICES****ASSIGNMENT SHEETS****OBJECTIVE 3**

Assignment Sheet 1

Evaluated to the satisfaction of the instructor

OBJECTIVE 21

Assignment Sheet 2

Evaluated to the satisfaction of the instructor

WRITTEN TEST**OBJECTIVE 1**

- | | | |
|-------|--------|--------|
| 1. D | 13. R | 25. Z |
| 2. F | 14. P | 26. AA |
| 3. A | 15. N | 27. CC |
| 4. C | 16. Q | 28. S |
| 5. B | 17. K | 29. JJ |
| 6. E | 18. H | 30. II |
| 7. L | 19. EE | 31. Y |
| 8. M | 20. GG | 32. U |
| 9. G | 21. HH | 33. T |
| 10. I | 22. W | 34. X |
| 11. O | 23. FF | 35. BB |
| 12. J | 24. V | 36. DD |

OBJECTIVE 2

A, C, F, G, H

OBJECTIVE 3**Evaluated on Assignment Sheet 1.****OBJECTIVE 4**

Answer should include:

- Is a convenient way to pay bills
- Provides a record of money spent
- Protects money from loss or theft
- Is usually accepted as proof of payment by law

OBJECTIVE 5	1. Blank endorsement 2. Restricted endorsement 3. Special endorsement
OBJECTIVE 6	• In writing • By phone
OBJECTIVE 7	B, C, F, G, J, K, M, N
OBJECTIVE 8	Evaluated to the satisfaction of the instructor
OBJECTIVE 9	B, C, D, E, G
OBJECTIVE 10	Evaluated to the satisfaction of the instructor; deposit totals \$93.25
OBJECTIVE 11	A, B, D, E, F, H
OBJECTIVE 12	Evaluated to the satisfaction of the instructor
OBJECTIVE 13	Answer should include all of the following: • A check you have written may not have arrived yet at the bank. • A deposit may have been made after your statement was mailed. • You may have failed to register a check you have written. • You may have made an error in arithmetic in your check register.
OBJECTIVE 14	Evaluated to the satisfaction of the instructor; the correct balance is \$353.05

OBJECTIVE 15

Answer should include any six of the following:

- Be sure to follow the bank's suggestions when choosing your PIN.
- Do not write your PIN on your ATM card or on any object in your purse or wallet.
- When using your ATM card, be careful not to let others learn your PIN.
- Safeguard your ATM card by keeping it in a safe place.
- Keep your receipts from the ATM to use in reconciling your bank statement.
- Be sure to record the withdrawal or deposit in your check register.
- If your ATM card is lost or stolen, contact your bank immediately to avoid having money illegally taken from your account.
- If you have a problem with your ATM card, contact your bank immediately.

OBJECTIVE 16

Answer should include any five of the following:

- Emergencies (unforeseen needs)
- Expensive purchases
- Large recurring expenses
- Retirement
- College
- Vacation
- Investment

OBJECTIVE 17

- Safety of the principal
- Growth possibilities
- Satisfactory and certain income
- Marketability

OBJECTIVE 18

Answer should include any eight of the following:

- Start now.
- Make savings deposits soon after your pay is received.
- Save a realistic amount regularly.
- Select a savings account that meets your personal needs.
- Keep your savings goal(s) in mind.
- Have an emergency fund of two to three months' income.
- Place any unexpected money in a savings account.
- Read consumer articles before buying large items.
- Pay cash when possible.
- Carry little cash with you to resist impulse purchases.
- Include the whole family in financial planning.
- "Sleep on it" before making large purchases.

OBJECTIVE 19

- | | |
|------|------|
| 1. D | 4. B |
| 2. C | 5. A |
| 3. F | 6. E |

OBJECTIVE 20

1. B
2. C
3. A
4. D

OBJECTIVE 21

Evaluated on Assignment Sheet 2.

210

**OBJECTIVE
SHEET****SECURING CREDIT****6****INTRODUCTION**

Credit gives you opportunities to purchase large items that you might not otherwise be able to have. It is very useful; therefore, the privilege of borrowing money must be protected. You can do this by learning credit terms and procedures and being responsible in repaying the money you borrow.

**UNIT
OBJECTIVE**

After completing this unit, the student will show the following competencies by mastering the activities on the Assignment Sheets and by scoring at least 85% on the Written Test.

**SPECIFIC
OBJECTIVES**

1. Match terms associated with establishing credit to their correct definitions.
2. State sources of credit.
3. Fill out a credit application. (Assignment Sheet 1)
4. State the advantages of using credit.
5. State the disadvantages of using credit.
6. Calculate a credit rating. (Assignment Sheet 2)
7. Select from a list characteristics of different types of credit accounts.
8. State sound credit practices.
9. Discuss factors that affect interest rates.
10. Calculate the cost of credit. (Assignment Sheet 3)
11. Select from a list precautions for using credit.
12. Match types of loans to their descriptions.
13. Calculate finance charges. (Assignment Sheet 4)
14. Compare installment buying with cash buying. (Assignment Sheet 5)

SUGGESTED ACTIVITIES

SECURING CREDIT

6

PREPARATION

- Review the unit and plan your presentation.
- Determine the scope and sequence of objectives you add. Design and develop support materials, including evaluation techniques for additional objectives.
- Review the teaching suggestions and plan classroom activities.
- Determine how you will schedule time for students to demonstrate competence in the required procedures.
- Order materials to supplement the unit.
- Order videos.
- Invite guest speakers.

NOTE: Please provide the guest speaker with the specific topic relevant to the unit of instruction ahead of time. You may want to supply the Objective Sheet, Information Sheet, and any other components you want the speaker to cover. Confirm the scheduled appearance two to three days prior to the presentation.

DELIVERY

Objective 1: Match terms associated with establishing credit to their correct definitions.

- Use Information Sheet, objective 1 to discuss the terms and definitions associated with establishing credit.

Objective 2: State sources of credit.

- Use Information Sheet, objective 2 to explain the sources of credit.
- Divide the students into small groups. Assign each group one of the listed sources of credit. Have each group collect information about that source and report to the class.

272

Objective 3: Fill out a credit application. (Assignment Sheet 1)

- Review the credit application form with the students and explain any terms that might be unfamiliar such as the following: proprietorship, subsidiary, company principal, credit, etc.
- Have the students complete Assignment Sheet 1. You may want to make this an in-class activity so that you can provide assistance if additional questions arise.

Objective 4: State the advantages of using credit.

- Use Information Sheet, objective 4 to discuss the advantages of using credit.
- As you are discussing each advantage, have the students give examples of the advantage. For example, an advantage is that credit allows consumers to meet financial emergencies. Students might list needing a new refrigerator, paying medical bills beyond what insurance will cover, repairing a car, etc.
- Discuss how young people with no credit history can get approved for credit. What "history" would help prove they are responsible?

Objective 5: State the disadvantages of using credit.

- Use Information Sheet, objective 5 to explain the disadvantages of using credit.
- Have the students supply examples of the various disadvantages.

Objective 6: Calculate a credit rating. (Assignment Sheet 2)

- Have the students complete Assignment Sheet 2 using the information provided about a hypothetical person.
- Have the students use the same procedure to figure their own credit ratings. Use this opportunity to discuss how the students can improve their credit ratings.
- Remind the students of examples given earlier in objective 4 of times when the ability to secure credit may be very important.

Objective 7: Select from a list characteristics of different types of credit accounts.

- Use Information Sheet, objective 7 to discuss the characteristics of different types of credit accounts.
- Have the students survey local businesses to find out what types of sales credit are available.

Objective 8: State sound credit practices.

- Use Information Sheet, objective 8 to discuss sound credit practices.
- Have one or more students use the following information about the "Six Cs of Credit" to prepare a bulletin board.

☐ Character

☒ **NOTE:** What kind of person you are is determined by your background in money matters, honesty, reliability, willingness to pay, and record of financial responsibility.

☐ Capital

☒ **NOTE:** Your current worth includes financial resources, such as equity in a house, household goods (such as furniture, stereo), an automobile, a life insurance policy, and a savings account.

☐ Capacity

☒ **NOTE:** Ability to pay is judged by your present and future income and current financial situation.

☐ Conditions

☒ **NOTE:** Agreements must be satisfactory to both parties.

☐ Collateral

☒ **NOTE:** Possessions used as security for debts must be of satisfactory value.

☐ Common sense

☒ **NOTE:** Credit must be used wisely.

Objective 9: Discuss factors that affect interest rates.

- Use Information Sheet, objective 9 to discuss the factors that affect interest rates.

Objective 10: Calculate the cost of credit. (Assignment Sheet 3)

- Explain how to calculate the cost of credit on loans and time payments using the examples given on Assignment Sheet 3 and the Transparency. Provide additional examples if needed.
- Have the students complete Assignment Sheet 3.

Objective 11: Select from a list precautions for using credit.

- Use Information Sheet, objective 11 to discuss the precautions for using credit.

Objective 12: Match types of loans to their descriptions.

- Explain the different types of loans using Information Sheet, objective 12.
- Have the students discuss purposes for which they might use each of these types of loans.
- Have the students discuss where they would go to obtain each of these types of loans.

Objective 13: Calculate finance charges. (Assignment Sheet 4)

- Have the students complete Assignment Sheet 4.

Objective 14: Compare installment buying with cash buying. (Assignment Sheet 5)

- Have the students complete Assignment Sheet 5.

EVALUATION

Pretest

- Give the Written Test as a pretest.
- Determine individual study requirements from pretest results.
- Counsel students individually on pretest results and study requirements.

- Modify materials in the unit or create supplementary materials for individual students as required.

Skill Test

- Evaluate students on Assignment Sheet activities if not previously done.
- Reteach and reevaluate if necessary.
- Modify materials in the unit or create supplementary materials for individual students as required.

Written Test

- Explain to students that they will be asked to demonstrate on the Written Test actions listed in the specific objectives.
- Give the Written Test.

NOTE: The Written Test may be given in sections if desired.

- Reteach and retest if necessary.
- Review individual and group performance in order to evaluate teaching methods. Adjust the scope, sequence, or instructional approaches for additional lessons as required.

SUGGESTED RESOURCES

Print Media

- *Consumer Handbook to Credit Protection Laws*. Board of Governors of the Federal Reserve System, Washington, DC. April 1993.
- Porter, Sylvia. *Your Finances in the 1990s*. New York: Prentice Hall Press, 1990.
- Roark, Jennifer. *Adult and Family Living*. Stillwater, OK: Oklahoma Department of Vocational and Technical Education/ Curriculum and Instructional Materials Center, 1990.
- Roark, Jennifer. *Foundations for Living II*, rev. ed. Stillwater, OK: Oklahoma Department of Vocational and Technical Education/Curriculum and Instructional Materials Center, 1991.

- Savage, Terry. *Terry Savage Talks Money*. Dearborn Financial Publishing, Inc., 1990.
- *You and Your Community Bank*, 19th ed. Available from U.S. Resource Company, PO Box 343, St. Albans, WV 25177 (304)722-5172.

NOTE: This booklet contains information about banking services, the federal reserve system, electronic banking, and various types of accounts.

OBJECTIVE 1

Match terms associated with establishing credit to their correct definitions.

- **bank credit card** — plastic card provided by a bank that allows customers to charge goods or services at almost any business

EXAMPLE: Mastercard and Visa

- **carrying charges** — finance charges incurred for the opportunity to pay for goods and services over a period of time

- **collateral** — property used as security for a loan

EXAMPLE: Personal property owned, such as an automobile, furniture, livestock, bonds or an insurance policy

- **compound interest** — earned interest is added to the principal at regular intervals of less than one year

☑ **NOTE:** Interest is usually calculated on unpaid balance each month.

- **cosigner** — individual needed to sign a loan contract in addition to the person applying for the loan; becomes responsible for the loan if the person applying for the loan does not make payments

- **credit** — system that allows payment at a later date

- **credit bureau** — place where credit histories may be obtained

- **credit rating** — evaluation of a person's record of payment

- **debt** — existing promise to pay in the future

- **principal** — original or remaining amount of money, can be the amount owed or the amount invested

☑ **NOTE:** This does not include interest or other charges.

- **repossession** — lender takes back merchandise because of nonpayment

- **retail credit card** — plastic card provided by a specific business that allows customers to charge goods and services at only that business

EXAMPLE: JC Penney, Goodyear, Dillards, Spiegel, Sears, Phillips 66, Texaco

- **simple interest** — charge for the amount borrowed based on one year

OBJECTIVE 2

State sources of credit.

☒ **NOTE:** Credit cards are available through banks and credit unions.

- Commercial bank
- Stock savings bank
- Life insurance company
- Credit union
- Finance company
- Retail merchant
- Pawnbroker

OBJECTIVE 3

Complete Assignment Sheet 1.

OBJECTIVE 4

State the advantages of using credit.

- Allows the consumer to use goods while paying for them
- Establishes a credit rating
- Helps the consumer make major purchases

☒ **NOTE:** Many people have difficulty setting aside enough money each month to cover the total purchase price of an item.

273

- Allows the consumer to meet financial emergencies
- Aids in recordkeeping and budgeting

✓ NOTE: Recordkeeping and budgeting may become easier when one monthly payment is made. Also, receipts are convenient for tax purposes.

- Eliminates the need to carry large amounts of cash
- Aids in the return of merchandise

✓ NOTE: Money has not yet changed hands.

- Allows the consumer to take advantage of bargains

OBJECTIVE 5

State the disadvantages of using credit.

✓ NOTE: It is easier to buy now and pay later than it is to save for purchases; it can be said, therefore, that credit weakens purchasing resistance.

- Encourages impulse buying
- Can cause financial problems through overspending
- Causes goods to cost more

✓ NOTE: Not only does interest affect the cost of an item, but prices also include the cost of paperwork caused by those individuals who do not pay and the additional costs to businesses.

- Can result in poor credit rating if overused

OBJECTIVE 6

Complete Assignment Sheet 2.

OBJECTIVE 7

Select from a list characteristics of different types of credit accounts.

- Regular charge account
 - Purchases are paid for within a specified period of time, such as 30, 60, or 90 days.

☐ No extra charge or interest is added unless payment is made after a specified time.

☐ Billing is usually monthly.

- Revolving charge account

☑ NOTE: Individuals with credit cards may be offered revolving charge accounts. Credit card issuers offer incentives (insurance on purchases, rebates, discounted merchandise) to use their cards.

☐ Maximum amount (line of credit) is established.

☑ NOTE: This amount is determined by credit record and income.

☐ Monthly payments must be made on a portion of the balance.

☐ Interest is charged on unpaid balance.

☐ New purchases may be added up to the maximum amount.

- Installment account

☑ NOTE: These accounts are available through banks, retailers, and finance companies.

☐ Payments are generally used for large purchases like appliances, furniture, and automobiles.

☐ User signs a contract and agrees to make regular payments, which include interest and carrying charges, over a certain period of time.

☐ Down payment is usually required.

☐ Merchandise may be repossessed if payments are not made on time.

OBJECTIVE 8

State sound credit practices.

- Limit borrowing on nonessential items.
- Keep debts in line with income and ability to repay.

OBJECTIVE 9

- Shop for credit and select a dependable lender.
- Be businesslike, frank, and fair in credit dealings.

Discuss factors that affect interest rates.

NOTE: Are you aware that interest must be paid before the principal? For example, half of your payments on a house may be just for the interest.

- Economic conditions

EXAMPLE: During times of inflation, the government may cause interest to increase in order to discourage consumer spending.

- Credit rating

EXAMPLE: If you pay your bills on time, you may be able to get lower interest rates.

- Institution granting credit

EXAMPLE: A credit union will charge less interest than a finance company.

- Purpose and type of a loan

EXAMPLE: A loan with your home as collateral will have lower interest rates than a loan backed only by your promise to pay.

OBJECTIVE 10

Complete Assignment Sheet 3.

OBJECTIVE 11

Select from a list precautions for using credit.

- Always read the entire contract before you sign.

NOTE: If you do not understand even the small print, obtain help in interpreting it.

- Never sign a blank contract.
- Borrow only what you need.

- Pay back the amount as quickly as you can.

✓ NOTE: Check penalties, if any, associated with prepayment.

- Try to borrow from a bank or credit union and buy in cash, obtaining the best cash discount you can find.

✓ NOTE: Banks or credit unions usually offer lower interest rates than finance companies.

- If you must borrow money for a purchase, seek the lowest priced loan you can find.

✓ NOTE: The lowest priced loan may not be with the seller of the merchandise.

- Pay bills on time in order to become known as a good credit risk.
- Use credit to meet emergencies, for necessities rather than luxuries, and for major items and durable goods that have benefits after payments are completed.

OBJECTIVE 12

Match types of loans to their descriptions.

- **Collateral loan** — Legal title/claim to an item purchased is held as security by the lending institution until the term is paid in full

- **Life insurance loan** — Based on the cash value of an insurance policy

- **Secured personal loan** — Made with collateral that is safe and will not lose its dollar value

✓ NOTE: The amount of the loan will be less than the market value of the collateral.

EXAMPLE: Blue chip stock used as collateral

- **Unsecured personal loan** — Made to a consumer with a good credit rating with the promise to repay as the only collateral

✓ NOTE: This is sometimes called a *signature loan*.

- **Demand loan** — Repaid in installments or in full at the end of the designated time period, short term (usually less than one year)
- **Passbook loan** — Allows the consumer to borrow up to the amount in his or her savings account without withdrawing the savings
- **Education loan** — Finances college education with repayment usually not beginning until after graduation
- **Consolidation loan** — Money borrowed to pay off all debts
- **Credit card loan** — Bank credit card used to finance purchases or receive cash
- **Check credit loan** — Offered by banks whereby the consumer can receive loan simply by writing a check

EXAMPLE: The borrower may write a check for \$50 more than she or he has in the checking account, and the bank automatically makes a loan for \$50.

- **Home improvement loan** — Made to increase the value of a residence
- EXAMPLE: Adding a room, putting on a new roof
- **Mortgage loan** — Made on real estate with the property used as collateral
 - **FHA loan** — Mortgage loan insured by the Federal Housing Authority
 - **VA loan** — Mortgage loan for eligible veterans with the Veteran's Administration partially guaranteeing the loan

OBJECTIVE 13

Complete Assignment Sheet 4.

OBJECTIVE 14

Complete Assignment Sheet 5.

How to Figure the Cost of a Loan

1. Multiply amount of payment by the number of payments to find TOTAL you pay.

$$\begin{array}{r} \$ 47.50 \\ \times \quad 12 \\ \hline \$ 570.00 \end{array}$$
2. Subtract the actual amount of cash, goods, or services received.

$$\begin{array}{r} \$ 570.00 \\ - \quad 500.00 \\ \hline \end{array}$$
3. Difference is your cost of borrowing.

$$\$ 70.00$$

**ASSIGNMENT
SHEET 1**

SECURING CREDIT

6

Name _____ Score _____

OBJECTIVE 3

Fill out a credit application.

INTRODUCTION

When you apply for credit, you will probably be asked to fill out an application form like the following one. The Equal Credit Opportunity Act does not guarantee that you will be given credit, but it does guarantee that you cannot be denied credit because of your age (unless you are not of legal age in your state), sex, marital status, race, religion, national origin, or because you are on welfare or social security. Also, a creditor cannot discourage you from applying for a loan, refuse credit if you qualify, or give you credit under different terms than would be given to a person with similar income, expenses, credit record, and collateral.

INSTRUCTIONS



Reading Comprehension

- React to written material
- Functional Reading
- Follow written instructions



Language

- Use standard grammar, spelling, and capitalization
- State ideas clearly
- Functional Writing
- Complete forms and records

Part 1

Read through the following credit application and answer these questions.

1. If you were completing the form, what items would you have to leave blank?

2. What items would you include, that are not present on the application, to prove you are a responsible person?

287

Part 2

Use the following information about Sean Steinmetz to complete the Credit Application.

Sean has had a partnership, S & J Enterprises, with Jim, his brother, for four years. He earns approximately \$35,000 a year in building construction and needs start-up money for a couple of projects. S & J has contracted to do. He wants to borrow \$7500 for three months. Sean is applying for this loan at an institution where he has not done business, one that has a low interest rate at this time. Sean will be able to repay the loan as his clients pay him.

Sean has a savings account (now about \$3000) at American Savings (telephone 663-9804) and is known in the loan department by Tim Silvey. At Libery Mutual (663-6644), Sean has a checking account (now about \$1800); Hose Salenas is his account representative.

Sean's business address is 524 S. Rockford, Mineola, OK 74002; his home address is 1912 E. 14th St., Mineola, OK 74002. His home telephone number is 663-5122. Sean is well known in the Mineola community; he has purchased construction materials on a regular charge account from Sanco Lumber for four years; he has regularly done work for the public schools and the city; and he hires carpenters through the local union, Carpenters' Union #401.

Complete the sample credit application on the following page.

255

CREDIT APPLICATION

PRIVATE AND CONFIDENTIAL!

NAME		
LEGAL (IF DIFFERENT)		
ADDRESS		
CITY		
STATE	ZIP	TELEPHONE

DESCRIPTION OF BUSINESS		
IN BUSINESS SINCE	EMPLOYEES	CREDIT REQUESTS
BUSINESS STRUCTURE ☐ CORPORATION ☐ PARTNERSHIP ☐ PROPRIETORSHIP ☐ DIVISIONS/SUBSIDIARY NAME OF PARENT COMPANY _____ HOW LONG IN BUSINESS _____		

COMPANY PRINCIPALS RESPONSIBLE FOR BUSINESS TRANSACTIONS			
NAME/TITLE	FULL TIME	PART TIME	ADDRESS/CITY/STATE/ZIP

BANK REFERENCES			
INSTITUTION NAME	INSTITUTION NAME	INSTITUTION NAME	
CHECKING ACCOUNT NO.	SAVINGS ACCOUNT NO.	LOAN NO.	☐ Business ☐ Personal
NAME TO CONTACT	NAME TO CONTACT	NAME TO CONTACT	
TELEPHONE NUMBER	TELEPHONE NO.	TELEPHONE NO.	LOAN BALANCE

TRADE REFERENCES					
FIRM NAME	CONTACT NAME	TELEPHONE NO.	ACCT. OPENED SINCE	HIGH CREDIT	CURRENT BALANCE

CONFIRMATION OF INFORMATION ACCURACY AND RELEASE OF AUTHORITY TO VERIFY		
I hereby certify that the information in this credit application is correct. The information included in the credit application is for use by Your Company Inc. in determining the amount and conditions of credit to be extended. I understand that Company may also utilize the other sources of credit which it considers necessary in making this determination. Further, I authorize the bank and trade references listed in the credit application to release the information necessary to assist Your Company Inc. in establishing a line of credit.		
SIGNATURE _____	TITLE _____	DATE _____

POLICY STATEMENT: INITIAL ORDER FROM NEW ACCOUNTS WILL NOT BE PROCESSED UNLESS ACCOMPANIED BY THE ABOVE REQUESTED INFORMATION. TERMS: NET 30 DAYS FROM DATE OF INVOICE.
--

**ASSIGNMENT
SHEET 2**

SECURING CREDIT

6

Name _____ Score _____

OBJECTIVE 6

Calculate a credit rating.

INTRODUCTION

Your credit rating is a valuable asset. A credit bureau does not actually rate a person's credit. It simply passes on the information it has received, and the inquiring business makes its own decision.

INSTRUCTIONS



- Reading Comprehension**
- React to written material
 - Functional Reading**
 - Follow written instructions



- Language**
- Use standard grammar, spelling, and capitalization
 - State ideas clearly
 - Functional Writing**
 - Complete forms and records



- Operation and Calculation**
- Estimate answers
 - Functional Math**
 - Solve practical problems

Write in the standard information requested by many banks for Hernandez Moroles.

For 16 years Hernandez has lived in a house (now valued at \$78,000) on which he currently owes \$22,334. He has two vehicles, one valued at \$6000 which is paid for and one valued at \$13,400 on which he owes \$3400. He has never missed a payment on any loan he has taken. As a produce worker for a national retail grocery chain, Hernandez earns \$32,500. He has worked for this employer for nine years; his wife is not employed. Hernandez wants to borrow \$3500 to replace and upgrade the air conditioning/heating units in his house; he can pay \$1000 down.

The bank wishes to know the following:

Income _____

How long on present job _____

Credit experience _____

Collateral available _____

Down payment you can make on purchase _____

Circle the number of points Hernandez would receive for each item; total them.

Income per Week	Points
Under \$100	0
\$101 to \$200	150
Over \$200	200
Spouse employed and earning wages	50
Length of Time on Job	
Less than a year	0
One to four years	100
Four to ten years	150
Over ten years	250
Credit Experience	Points
None	0
Favorable for six months (one source)	250
Favorable for six months (another source)	100
Good record from previous loans from bank	100
Unfavorable credit references	0
Down Payment You Can Make	
0 to 10%	0
10% to one-third	100
Over one-third	200

(A score of 600 will usually get you small loans.)

How did Hernandez rate? _____

Would you approve his request for a loan? _____

Why? _____

231

**ASSIGNMENT
SHEET 3**

SECURING CREDIT

6

Name _____ Score _____

OBJECTIVE 10

Calculate the cost of credit.

INTRODUCTION

Credit costs vary with different lenders. It pays to shop for credit as well as for goods and services. What you will have to pay for credit depends on the rate of interest, how long you take to repay, and whether additional charges are made for getting the credit. Usually, credit costs increase with higher interest rates, longer time payments, and additional charges.

INSTRUCTIONS



Reading Comprehension

- React to written material
- Functional Reading
- Follow written instructions



Operation and Calculation

- Calculate with decimals
- Math Application
- Solve word problems
- Select/apply mathematical formula
- Functional Math
- Solve practical problems
- Calculate interest
- Solve interest problems
- Use calculator for computation

To calculate interest costs on a loan, use the following formula:

$$\text{PRINCIPAL} \times \text{INTEREST RATE} \times \text{TIME} = \text{INTEREST COST}$$

EXAMPLE: Sam has borrowed \$1200 for one year with an 18 percent interest rate. This money will be used to remodel the kitchen in his home.

$$\$1200 \times .18 \times 1 = \$216.00 \text{ interest cost}$$

To calculate interest costs on time payments, use the following formula:

$$\text{MONTHLY PAYMENTS} \times \text{NUMBER OF PAYMENTS} - \text{ORIGINAL PRICE} = \text{INTEREST COST}$$

EXAMPLE: Sarah's monthly payments for a new clock radio are \$12.25 monthly for six months. The original price of the radio is \$60.00.

$$\$12.25 \times 6 = \$73.50 \text{ total cost}$$

$$\$73.50 - \$60.00 = \$13.50 \text{ interest cost}$$

Use these formulas to solve the following problems.

292

1. Tomas is moving into his own apartment in the fall. He has obtained a \$1000.00 loan for one year to help with expenses. The interest rate is 7 percent. What are the interest costs of this loan?

Calculate in the space below:

Answer: _____

2. Julie is thinking about buying a stereo. She wants to borrow \$500.00 for 6 months at 18 percent interest. What are the interest costs of this note?

Calculate in the space below:

Answer: _____

3. Asa is purchasing a citizens band radio. The original price is \$300.00. Monthly payments are \$19.24 for 20 months. What are the interest costs on this purchase?

Calculate in the space below:

Answer: _____

4. Kathie is purchasing a winter coat. The original price is \$100.00. Monthly payments are \$18.15 for 7 months. What are the interest costs on this purchase?

Calculate in the space below:

Answer: _____

5. Clarissa borrowed \$250.00 at 10 percent interest for a set of luggage that she will pay for in 6 months. How much will she pay monthly?

Calculate in the space below:

Answer: _____

6. Saleen took a one-year loan for \$300.00 at 12 percent interest to attend a hair-styling competition. How much will he pay monthly?

Calculate in the space below:

Answer: _____

**ASSIGNMENT
SHEET 4**

SECURING CREDIT

6

Name _____ Score _____

OBJECTIVE 13

Calculate finance charges.

INTRODUCTION

The opportunity to pay for goods or services over a period of time costs you. Even though the term "finance charges" rather than "credit" is used, the concept is the same—a fee for using another's money. Knowing exactly how much this opportunity costs may help you decide if you really want to purchase on an installment plan.

INSTRUCTIONS

Work each problem in the space provided.



Reading Comprehension

- React to written material
- Functional Reading
- Follow written instructions



Operation and Calculation

- Calculate with decimals
- Math Application
- Solve word problems
- Functional Math
- Solve practical problems

1. A new ten-foot boat and 40-horsepower motor cost \$7000.00 cash or \$799.00 down payment and \$400.00 a month for 18 months. How much money could you save if you paid cash?

2. A console TV set costs \$825.00 cash or \$100.00 down and \$65.00 a month for a year. What is the carrying charge?

3. A washing machine costs \$375.00. On the installment plan, it is \$50.00 down and \$23.00 a month for 16 months. What is the carrying charge?

4. A used Dodge sedan sells for \$11,600.00 or \$1219.00 down and \$330.00 a month for three years. How much extra are you paying by using the installment plan?

5. How many months would it take to repay a debt of \$180.00 if you paid \$15.00 a month?
6. Find the carrying charge on a portable TV set that retails at \$435.00. The installment plan is \$45.00 down and \$26.00 a month for 16 months.
7. Four new tires cost \$375.00 or \$50 down and \$44.00 a month for 8 months. How much can you save by paying cash?
8. A used Mustang convertible sells for \$4800 cash or \$600 down and \$250.00 a month for 18 months. How much extra are you charged for using the installment plan?
9. An electric hot water heater costs \$294.95 cash or \$45.00 down and \$22.75 a month for a year. How much does it cost on the installment plan?
10. If you earn a take-home pay of \$260 per week and budget 17 percent of this for a car payment, could you afford to pay \$186.92 a month for a car?

**ASSIGNMENT
SHEET 5**

SECURING CREDIT

6

Name _____ Score _____

OBJECTIVE 14

Compare installment buying with cash buying.

INTRODUCTION

The price of borrowing money, in a loan or on an installment plan, significantly increases the amount you pay for goods and services. Consider the comparative prices of cash versus installment in dollars and in percentages before you purchase.

INSTRUCTIONS

Subtract horizontally to find the savings if you pay cash.



- Reading Comprehension**
- React to written material
 - Functional Reading
 - Follow written instructions



- Operation and Calculation**
- Calculate with decimals
 - Functional Math
 - Solve interest problems

Item	Installment Price	Cash Price	Savings
1. Radio	\$ 92.00	\$ 79.95	_____
2. Desk	96.75	89.95	_____
3. Bed	60.00	54.98	_____
4. Bunk bed	146.95	134.50	_____
5. Gas heater	52.60	44.99	_____
6. Dining room set	1200.00	1079.97	_____
7. Car stereo	84.40	69.98	_____
8. Washer	209.98	188.99	_____
9. TV	349.99	298.98	_____
10. Sewing machine	147.20	131.75	_____
11. Recliner	142.40	129.50	_____
12. Refrigerator	443.00	396.60	_____
13. Vacuum cleaner	89.80	79.00	_____
14. Sofa	215.60	194.95	_____
15. Gas range	285.00	269.50	_____
16. Electric dryer	257.20	199.95	_____
17. Used car	6028.00	5000.00	_____
18. Used cycle	299.95	210.00	_____
19. Mag wheels	179.83	159.96	_____
20. Encyclopedias	239.00	199.00	_____

297

Name _____ Score _____

OBJECTIVE 1

Match terms associated with establishing credit to their correct definitions. Write the correct letters in the blanks.

- | | |
|---------------------|-----------------------|
| A. credit rating | H. collateral |
| B. credit | I. simple interest |
| C. repossession | J. credit bureau |
| D. cosigner | K. compound interest |
| E. carrying charges | L. retail credit card |
| F. debt | M. principal |
| G. bank credit card | |

- _____ 1. Earned interest is added to the principal at regular intervals of less than one year
- _____ 2. Individual needed to sign a loan contract in addition to the person applying for the loan; becomes responsible for the loan if the person applying for the loan does not make the payments
- _____ 3. Plastic card provided by a bank that allows customers to charge goods or services at almost any business
- _____ 4. Existing promise to pay in the future
- _____ 5. System that allows payment at a later date
- _____ 6. Property used as security for a loan
- _____ 7. Place where credit histories may be obtained
- _____ 8. Finance charges incurred for the opportunity to pay for goods and services over a period of time
- _____ 9. Evaluation of a person's record of payment
- _____ 10. Lender takes back merchandise because of non-payment
- _____ 11. Charge for the amount borrowed based on one year

- _____ 12. Original or remaining amount of money can be the amount owed or the amount invested
- _____ 13. Plastic card provided by a specific business that allows customers to charge goods and services at only that business

OBJECTIVE 2

State sources of credit. List five.

- _____
- _____
- _____
- _____
- _____

OBJECTIVE 3

Evaluated on Assignment Sheet 1.

OBJECTIVE 4

State the advantages of using credit. List four.

- _____
- _____
- _____
- _____

OBJECTIVE 5

State the disadvantages of using credit. List four.

- _____
- _____
- _____
- _____

OBJECTIVE 6

Evaluated on Assignment Sheet 2.

OBJECTIVE 7

Select from a list characteristics of different types of credit accounts. Write the correct letters in the blank.

- A. regular charge account
- B. revolving charge account
- C. installment account

- _____ 1. Interest is charged on unpaid balance.
- _____ 2. Down payment is usually required.
- _____ 3. Billing is usually monthly.
- _____ 4. No extra charge is added unless payment is made after a specified time.
- _____ 5. User signs a contract and agrees to make regular payments, which include interest and carrying charges, over a certain period of time.
- _____ 6. Monthly payments must be made on a portion of the balance.
- _____ 7. Merchandise may be repossessed if payments are not made on time.
- _____ 8. Maximum amount (line of credit) is established.
- _____ 9. Purchases are paid for within a specified period of time, such as 30, 60, or 90 days.

OBJECTIVE 8

State sound credit practices. List four.

- _____
- _____
- _____
- _____

300

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OBJECTIVE 9

Discuss factors that affect interest rates. Include four specific factors.

- _____
- _____
- _____
- _____

OBJECTIVE 10

Evaluated on Assignment Sheet 3.

OBJECTIVE 11

Select from a list precautions for using credit. Write an "X" in the blank before each correct answer.

- _____ 1. Borrow only what you need.
- _____ 2. Pay bills on time in order to become known as a good credit risk.
- _____ 3. Read most of the contract before you sign.
- _____ 4. Use credit to purchase luxuries and consumable items.
- _____ 5. If you must borrow money for a purchase, seek the lowest price loan you can find.
- _____ 6. Choose the longest pay-back terms allowed.
- _____ 7. Sign a blank contract if the loan agency is reputable.
- _____ 8. Try to borrow from a bank or a credit union and buy in cash, obtaining the best cash discount you can find.

301

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OBJECTIVE 12

Match types of loans to their descriptions. Write the correct letters in the blanks.

- | | |
|----------------------------|--------------------------|
| A. check credit loan | H. secured personal loan |
| B. VA loan | I. mortgage loan |
| C. unsecured personal loan | J. demand loan |
| D. Life insurance loan | K. credit card loan |
| E. FHA loan | L. passbook loan |
| F. home improvement loan | M. education loan |
| G. collateral loan | N. consolidation loan |

- _____ 1. Legal title/claim to an item purchased is held as security by the lending institution until the item is paid in full
- _____ 2. Based on the cash value of an insurance policy
- _____ 3. Made with collateral that is safe and will not lose its dollar value
- _____ 4. Made to a consumer with a good credit rating with the promise to repay as the only collateral
- _____ 5. Repaid in installments or in full at the end of the designated time period, short term (usually less than one year)
- _____ 6. Allows the consumer to borrow up to the amount in his or her savings account without withdrawing the savings
- _____ 7. Finances college education with repayment usually not beginning until after graduation
- _____ 8. Money borrowed to pay off all debts
- _____ 9. Bank credit card used to finance purchases or receive cash
- _____ 10. Offered by banks whereby the consumer can receive a loan simply by writing a check
- _____ 11. Made to increase the value of a residence
- _____ 12. Made on real estate with the property used as collateral

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302

- _____ 13. Mortgage loan insured by the Federal Housing Authority
- _____ 14. Mortgage loan for eligible veterans with the Veteran's Administration partially guaranteeing the loan

OBJECTIVE 13

Evaluated on Assignment Sheet 4.

OBJECTIVE 14

Evaluated on Assignment Sheet 5.

ANSWERS

SECURING CREDIT

ASSIGNMENT
SHEETS

OBJECTIVE 3

Assignment Sheet 1

Evaluated to the satisfaction of the instructor

OBJECTIVE 6

Assignment Sheet 2

Evaluated to the satisfaction of the instructor

OBJECTIVE 10

Assignment Sheet 3

1. $\$1,000 \times .07 \times 1$ (or $1\frac{1}{2}\%$) = \$70.00
2. $\$500.00 \times .18 \times .5$ (or $\frac{6}{12}\%$) = \$45.00
3. $(\$19.24 \times 20 \text{ months}) - \$300.00 = \$84.80$
4. $(\$18.15 \times 7 \text{ months}) - \$100.00 = \$27.05$
5. $(\$250.00 \times .10) + \$250.00 \div 6 = \$45.83$
6. $(\$300.00 \times .12) + \$300.00 \div 12 = \$28.00$

OBJECTIVE 13

Assignment Sheet 4

1. \$999.00
2. \$55.00
3. \$43.00
4. \$1,499.00
5. 12 months
6. \$26.00
7. \$27.00

8. \$300.00
9. \$318.00
10. no (\$176.80 car cost per month; leaves only \$10.12 for living expenses per month)

OBJECTIVE 14

Assignment Sheet 5

1. \$12.05
2. \$6.80
3. \$5.02
4. \$12.45
5. \$7.61
6. \$120.03
7. \$14.42
8. \$20.99
9. \$51.01
10. \$15.45
11. \$12.90
12. \$46.40
13. \$10.80
14. \$20.65
15. \$15.50
16. \$57.25
17. \$1028.00
18. \$89.95
19. \$19.87
20. \$40.00

WRITTEN TEST

OBJECTIVE 1

- | | |
|------|-------|
| 1. K | 8. E |
| 2. D | 9. A |
| 3. G | 10. C |
| 4. F | 11. I |
| 5. B | 12. M |
| 6. H | 13. L |
| 7. J | |

OBJECTIVE 2

Answer should include any five of the following:

- Commercial bank
- Stock savings bank
- Life insurance company
- Credit union
- Finance company
- Retail merchant
- Pawnbroker

OBJECTIVE 3

Evaluated on Assignment Sheet 1.

OBJECTIVE 4

Answer should include any four of the following:

- Allows the consumer to use goods while paying for them
- Establishes a credit rating
- Helps the consumer make major purchases
- Allows the consumer to meet financial emergencies
- Aides in record keeping and budgeting
- Eliminates the need to carry large amounts of cash
- Aids in the return of merchandise
- Allows the consumer to take advantage of bargains

OBJECTIVE 5

- Encourages impulse buying
- Can cause financial problems through overspending
- Causes goods to cost more
- Can result in poor credit rating if overused

OBJECTIVE 6

Evaluated on Assignment Sheet 2.

OBJECTIVE 7

- | | |
|------|------|
| 1. B | 6. B |
| 2. C | 7. C |
| 3. A | 8. B |
| 4. A | 9. A |
| 5. C | |

OBJECTIVE 8

- Limit borrowing on nonessential items.
- Keep debts in line with income and ability to repay.
- Shop for credit and select a dependable lender.
- Be businesslike, frank, and fair in credit dealings.

OBJECTIVE 9

- Economic conditions
- Credit rating
- Institution granting credit
- Purpose and type of a loan

OBJECTIVE 10

Evaluated on Assignment Sheet 3.

OBJECTIVE 11

1, 2, 5, 8

OBJECTIVE 12

- | | |
|------|-------|
| 1. G | 8. N |
| 2. D | 9. K |
| 3. H | 10. A |
| 4. C | 11. F |
| 5. J | 12. I |
| 6. L | 13. E |
| 7. M | 14. B |

OBJECTIVE 13

Evaluated on Assignment Sheet 4.

OBJECTIVE 14

Evaluated on Assignment Sheet 5.